The NATIONAL UNDERWRITER

THURSDAY, NOVEMBER 22, 1956

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The NATIONAL UNDERWRITER

60th Year, No. 47
November 22, 1956

The National Weekly Newspaper of Fire and Casualty Insurance

Urges Exchange of Continental Casualty National Fire Stock

Both Companies Agree to 1 for 1¼ Switch Except One National Director

Roy Tuchbreiter, chairman of the board of Continental Casualty, has sent a letter to stockholders of National Fire of Hartford, urging them to accept Continental's offer of exchange of 1¼ shares of its stock for each share of National Fire.

Mr. Tuchbreiter's letter answers statements made by E. Clayton Gengras, sole National director holding out against acceptance of the Continental offer of exchange.

At a meeting of National Fire directors Monday, Mr. Gengras made three motions to reject the exchange, but the directors turned these down.

After the meeting President E. H. Forkel of National Fire issued a statement that the directors had voted to stand pat on the recommendation to stockholders of the company to accept the Continental Casualty offer.

The three motions of Mr. Gengras, in effect, ask for a full accountant's report on the claim that National Fire reserve should be increased by $1.5 million, plus instructions to cancel merger negotiations. Mr. Gengras issued a statement in advance of the director's meeting in which he said that National directors approved the increase and loss reserves last Aug. 20 at a time when Continental Casualty still was proposing to offer 1½ shares for one and on representation that the action on reserves should be taken in ad-

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Highlights of the Week's News

U. S. Fire Losses Increase 38% During October

National Board has estimated fire losses in the U. S. during October at $81,121,000, a whopping 38% increase over the same month last year. The October figure constituted the largest single monthly increase this year over the corresponding monthly fire in 1955.

Losses for the first 10 months of the year now stand at $812,324,000, an increase of 11.7% over the 10-month 1955 losses.

Hull Losses in Four Air Crashes to Run $1.3 Million

Insured loss on the hulls of four aircraft destroyed or severely damaged in crashes within the past two weeks may run as high as $1,300,000 while liability suits in one of them may cost another $1 million.

A twin-engined Beechcraft that caromed off a radio and TV tower in North Bergen, N. J., and crashed into an apartment house, taking four lives, was valued at $50,000. It was owned by the Gaseteria Co., the parent company of which is Bonded Oil & Gas Co. of Indianapolis. Liability suits from the crash may run as high as $1 million. North America had both the hull and liability cover.

Insured loss on a DC-4 airliner hull that crashed near Salina Grande ,Nicaragua, killing 24 persons, was estimated at $650,000. It was insured in the London market. The plane, owned by the Aerovias Guest Airline, carried Antonio Arias, son of Dr. Harmodio Arias, former president of Panama.

The insured hull loss on a DC-3 Colombian airliner that crashed in the mountains near Dagua, Colombia, is estimated at $100,000. All 31 persons were killed, including five Americans. The plane, owned by the Arpa Airlines, was also insured in the London market.

A twin-engine Trans-World airliner that made an emergency belly landing at Las Vegas was so severely damaged that Associated Aviation Underwriters estimates a near-total $500,000 loss. Three of 38 persons aboard were seriously injured, while 27 suffered bumps and bruises.

Philadelphia Surety Unit Elects Steel

Surety Assn. of Philadelphia has elected as president Horace W. Steel of Royal Indemnity to succeed Jackson B. Ferren of American Surety.

Other new officers are Frank M. Perry of Maryland Casualty, vice-president; Robert B. Wood of Massachusetts Bonding, secretary, and Frank Abate of Fireman's Fund, treasurer. The executive committee consists of Mr. Ferren, Mr. Steel, Mr. Perry, Mr. Wood, Henry S. Gegler of Employers' group, Frank L. Madden of American Associated, John G. Harkins of U.S. Casualty and Clyde Measey of Travelers Indemnity.

Wall, Chief Illinois Examiner, Loses Job; Blames G. F. Barrett

William E. Wall, chief examiner of the Illinois insurance department in charge of the Chicago office, has accused Director McCarthy of firing him from his $10,860-a-year job the day after the elections.

According to the St. Louis *Post-Dispatch*, Mr. Wall said Mr. McCarthy called him into his office the day after the election and told him that he was through. Mr. Wall said he asked why he was fired and quoted Mr. McCarthy as replying: "'It might be embarassing to both of us, but I'll give you a clean slate.'"

"'Don't talk to me that way, my hands are clean,'" Mr. Wall said he retorted.

The *Post-Dispatch* quoted Mr. Wall as attributing his dismissal to George F. Barrett, former attorney general. Mr. Wall said he had inquired last summer into certain practices that a Chicago insurance agency allegedly was using to sell automobile policies. The agency was identified in the *Illinois State Register* as Regal Insurance Agency of 175 West Jackson boulevard. Mr. Wall said the day after he had warned the agency Mr. Barrett questioned him about investigating the firm 'without checking with someone.'

Mr. Wall, 52, had been in the department for 16 years.

The reported link between Mr. Barrett, a Chicago lawyer, and the Illinois department was discussed in a recent series of copyrighted articles in the *Post-Dispatch*. The newspaper said some out-of-state insurance companies had to pay Mr. Barrett legal fees ranging as high as $5,000 for handling their applications to do business in Illinois.

Mr. Barrett's late brother, Robert E. Barrett, was Mr. McCarthy's predecessor as insurance director.

The *Post-Dispatch* said Mr. Wall, when questioned by a P-D reporter a few months ago, refused to discuss Mr. Barrett or Mr. McCarthy or the affairs of the insurance department.

Casualty Underwriters Club of San Francisco will hold its annual Christmas party Dec. 14 at Hotel Californian, starting at 5:30 p.m.

CDP, HO Likely To Go on Long Time, Even in Same House

Merger of Empiro and Interbureau Said to Be Certainty for Year End

NEW YORK—With the strong possibility that Interbureau Insurance Advisory group and Multiple Peril Insurance Rating Organization will combine in the near future, producers are much interested in what is going to happen to homeowners and comprehensive dwelling policy as forms, since both have proved successful.

The indications are that if the merger goes through, while one dwelling form may eventually emerge, there is presently no indication which one it will be, and it could be a third one which combines the best features of the two. The objective here appears to be to develop the best single form of multiple peril contract for the dwelling classes, and to eliminate existing conflict and duplication to get greater economy and efficiency, but over a considerable period of time. This would undoubtedly be true also of other forms. It is understood the new multi-peril office would supervise, for example, the best form for the manufacturing classes, using manufacturers output and the industrial property policy which has been in the formative stages for some time.

Homeowners, it is estimated, produced about $44 million of premiums in 1955 for members of Empiro. In addition, North America had a considerable amount of homeowners business, and Interbureau members which write HO accounted for approximately $10 million of homeowners premiums in 1955.

CDP, which had its first full year in 1955, began to roll this year. Its aggregate volume for 1955 was between $10 and $15 million. Beginning with the revisions made in the cover about a year ago, CDP began to take hold. It has proved popular in the midwest where the CDP broad form has been

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Late News Bulletins . . .

PDL Rates Boosted 18.7% in Massachusetts

National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau have promulgated property damage liability rates in Massachusetts which are 18.7% higher for private passenger cars, 9.4% higher for commercial cars, and 22.4% for garage and dealer risks. These are the increases for $5,000 of coverage and are effective beginning Jan. 1.

Aetna Buys Conn. General Home Office Building

Aetna Fire group of 650 and 670 Main street, Hartford, has purchased the home office building of Connecticut General Life at 55 Elm Street there.

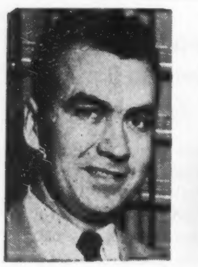
Aetna's first home office was on State street, and it moved to its present site in 1867. Its present home office building at 670 Main street was completed in 1905, and the company purchased the structure at 670 Main street in 1939.

Connecticut General plans to move in the spring to a new home office building now nearing completion in Bloomfield.

Wheeler Appointed Associate Chicago Manager of N. U.

W. D. O'Connell Becomes New Associate Resident Manager for Illinois

Andrew J. Wheeler, for the past two years Pacific coast manager of the




A. J. Wheeler W. D. O'Connell

National Underwriter Co., has returned to Chicago to be associate Chicago manager with Otto E. Schwartz.

Mr. Wheeler previously had been resident manager in Illinois for nine years.

William D. O'Connell has been transferred from the Cincinnati home office sales staff to Chicago as associate resident manager for Illinois with Robert J. Wieghaus.

Local Associations Must Act as Legislative Watchdogs: Parker

Local associations must keep a close watch on bills pertaining to insurance as they are introduced in the state legislature, Commissioner Parker of Virginia advised Virginia Assn. of A&S Underwriters at Richmond.

Association members must take the initiative in heading off bills inimical to the business and in supporting measures helpful to the industry and the public, Mr. Parker said. He addressed the monthly luncheon.

Ind. Court Upholds Car Dealers in Fight for Agents' Licenses

Indiana supreme court has ruled that automobile dealers have a legal right to be insurance agents, thus ending a dispute between the Indiana department and Motors Insurance Corp., a subsidiary of General Motors Corp. The court affirmed the action of Marion circuit court in granting a temporary injunction against Commissioner Davey and his predecessor, Harry Wells.

Motors Insurance had sought agents' licenses for 500 GM dealers and salesmen in the state so they could sell auto insurance at the same time they sold cars. Mr. Wells and Mr. Davey contended that auto dealers, being primarily concerned with car sales, did not have time for an insurance business on the side. They argued that coercive practices would result, whereby an auto buyer financing his purchase would receive an insurance-car package without free choice in the matter.

Supreme court's opinion, written by Judge Bobbitt, said, "We do not believe the fact that an applicant for an insurance agent's license is an automobile dealer is good cause for denying him the right to engage in the business of writing automobile insurance."

Agenda Prepared for NAIC Florida Meeting

The hour-by-hour program of committee meetings of interest to fire and casualty people and plenary sessions are listed for the annual meeting of National Assn. of Insurance Commissioners. scheduled for Dec. 3-7 at the di Lido hotel, Miami Beach.

Dec. 3

9 a.m.—Subcommittee on examinations practice and procedure manual revision, Jackson of Maryland, chairman, by John H. Coppage.

Subcommittee to study statistical, rating and filing problems of multiple line contracts, Sullivan of Kansas, chairman.

10 a.m.—Subcommittee on state laws governing misleading and deceptive advertising, Pansing of Nebraska, chairman.

Subcomittee of house confinement provisions in policies of A&S insurance, Beery of Colorado, chairman.

Subcommittee on auto rate credits for safety devices, Larson of Florida, chairman.

11 a.m.—Subcommittee on interpretation of NAIC rules governing advertisement of accident and sickness insurance, Pansing of Nebraska, chairman.

1 p.m.—Subcommittee to study the advisability of a uniform surplus line law, Knowlton of New Hampshire, chairman.

Subcommittee on the problem of reimbursement formula between hospital and service associations, Davey of Indiana, chairman.

2 p.m.—Subcommittee to study reserves for guaranteed renewable A&H policies, Holz of New York, chairman.

Subcommittee on workmen's compensation small policy economies, Smith of Pennsylvania, chairman.

3 p.m.—Subcommittee to study future sites for NAIC meetings, Holz of New York, chairman.

Subcommittee to study problems incident to cancellation of A&H policies, Davey of Indiana, chairman.

4 p.m.—Definition and interpretation of underwriting powers, Bisson of Rhode Island, chairman.

Flood and hurricane committee, Bisson of Rhode Island, chairman.

Blanks committee, McConnell of California, chairman.

5 p.m.—Preservation of state regulation committee, McConnell of California, chairman.

Examinations committee, Taft of Wyoming, chairman.

Casualty and surety committee, Mahoney of Maine, chairman.

Dec. 4

9 a.m.—Executive committee, Saunders of Texas, chairman.

10:15 a.m.—Plenary session, Taylor of Oregon, president.

1 p.m.—Publication of reports.

Dec. 5

9 a.m.—Laws and legislation committee, Beery of Colorado, chairman.

Non-profit hospital and medical service associations or similar organizations committee, Pryatel of Ohio, chairman.

12:30 p.m.—Passe Club International luncheon meeting.

2:30 p.m. Insurance covering all installment sales and loans committee, Larson of Florida, chairman.

Workmen's compensation committee, Humphreys of Massachusetts, chairman.

3:45 p.m.—Federal liaison committee, McConnell of California, chairman.

3:45 p.m.—Valuation of Securities committee, Humphreys of Massachusetts, chairman.

5 p.m.—Accident and health committee, Knowlton of New Hampshire, chairman.

Rates and rating organizations committee, Pansing of Nebraska, chairman.

Dec. 6

9 a.m.—Executive committee, Saunders of Texas, chairman.

2:30 p.m.—Plenary session, Taylor of Oregon, president.

Dec. 7

9:30 p.m.—Plenary executive session, Taylor of Oregon, president.

Advise Kansas City to Take over Underwriters Fire Patrol

Fire Chief Grass of Kansas City has advised the fire and water committee of city council to buy the building and equipment of Underwriters Fire Patrol and assume operation of the patrol.

City Manager Cookingham, who also recommended that the city take over the service, said the underwriters would sell $63,178 worth of building and equipment for one dollar. The patrol, organized and supported by fire insurance companies since 1903, responds to fires in the high value districts to protect the contents. If the city takes ovesr the patrol, it will receive $13,500 in taxes from the insurance companies which have received this amount as a discount for operating the service.

Formidable Support for Compulsory Auto Looms in Michigan

LANSING, MICH.,—Formidable support for a compulsory automobile insurance act in Michigan appears to be shaping in advance of the 1957 regular session of the state legislature.

Executives of the Michigan Assn. of Insurance Agents and other representatives of the industry who have opposed such a step were somewhat chagrined during the past week at a statement of James M. Hare, secretary of state, to the effect he was studying the possibilities for introducing legislative proposals along this line.

Mr. Hare, who was reelected to his post Nov. 6 after having served one term in office, was himself the victim recently of a traffic accident, receiving such serious injuries that he returned to his office for the first time in several weeks and attended a session of the state safety committee. His department administers the motorists' financial responsibility law as a part of the activities of its motor vehicle division.

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While attending the committee session, Mr. Hare commented on the adoption of a compulsory act in New York and said that 7% or 8% of Michigan cars are uninsured and an unknown number carry inadequate insurance".

Mr. Hare noted the provisions of the New York law for contributions to a state-administered fund by uninsured drivers. He said "this plan answers one of the bad angles" of compulsory insurance because it does not give insurance companies "a monoply of the business". He said flatly that he "hopes" to "submit something like the New York plan for legislative consideration".

Zurich Files Uninsured Motorists Broad Form

Zurich-American companies have filed a broad form of uninsured motorist coverage in all states and District of Columbia to become effective Dec. 12, if approved.

Some features of the plan are specific sums payable for death, dismemberment or loss of use of members, loss of sight or hearing, and total disability; specified sums payable regardless of who is at fault in an accident; unidentified hit-and-run drivers included under the term "uninsured motorist"; coverage available for individuals or family; coverage may be provided by endorsement to an auto liability policy or as a separate policy for non-owners of autos.

The new form is expected to eliminate the question of liability and the question of how much shall be paid to insured hurt in an auto accident with an uninsured motorist.

Huenefeld Named to Ill. Field

Leo Huenefeld has been named to the newly created position of Illinois state director for Farmers Mutual of Madison. His association with the company began in 1949 as a local agent, and he was promoted to St. Louis as manager in 1952. As Illinois director he will have headquarters in Springfield.

Revise Burglary, Glass Rates, Rules

National Bureau of Casualty Underwriters is changing burglary manual rules and rates in all jurisdictions except North Carolina, and the glass manual rules and rates in all jurisdictions, effective Nov. 2 except in Hawaii Dec. 1 and Texas Dec. 19.

Mutual Insurance Rating Bureau has promulgated similar changes.

Many of the changes in the burglary manual pertain to the broad form storekeepers policy, the new package affording broadened coverage for small mercantile businesses announced last month.

In the residence section of the burglary manual, the "policy period-term premium" rule is amended to permit broad form personal theft endorsement to be attached to a fire policy for five years on the same basis as personal theft.

Bank burglary and bank robbery rates are revised. To effect a single countrywide rate, territories 2 and 3 are reassigned to territory 1.

Discounts for holdup alarm and protection system approved by Underwriters' Laboratories now indicate clearly that they are applicable to a "semiautomatic" but not "manual operated" system.

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Open stock "damage by vandalism or malicious mischief" is revised to include such damage to the premises. The rate is reduced from 100% to 10% of the policy premium.

Mercantile open stock theft insurance for wholesale and manufacturing risks now is available for an additional premium of 40% of the gross open stock burglary premium in lieu of the 75% additional premium that has been applicable. Effective with this change mercantile open stock theft cover for all classes of risks is subject to a $50 deductible, which may be increased in accordance with the deductible rule in the general rules section.

In miscellaneous, the storekeepers burglary and robbery policy is amended to make $1,000 the maximum amount that may be written. The "cash registers and cash drawers" minimum premium is eliminated to permit writing this coverage in smaller amounts for small storekeepers who may never keep as much as $100 in a cash register or drawer. The "tires, tubes and other property in locked containers" rule is newly included to provide the coverage outlined. Companies have often been requested to amend the storekeepers policy to provide this cover.

In glass, the policy period rule now permits writing the comprehensive glass policy up to three years instead of one, except in New York state at present.

Territorial multipliers have been substituted for territorial differentials to simplify the rating of glass insurance by eliminating one step in premium computation. For example, a former territorial differential of 15% is now expressed as a multiplier of .85. Likewise a former territorial differential of plus 15% is now expressed as a multiplier of 1.15.

The "specific" rule for use of the residence glass endorsement is amended to indicate that this endorsement should be used with the comprehensive glass policy when residence glass is to be afforded on a specific basis under such a policy.

Jury Frees Murphy, Others of Capital, United Charges

A jury in Richland county court at Columbia, S.C., has found D. D. Murphy, former South Carolina commissioner and former president of National Assn. of Insurance Commissioners and two insurance executives, George R. P. Farquhar and Bradley A. Layton not guilty of conspiracy to force the sale of Capital Life of Columbia to United of Chicago for $1 million less than it was worth.

The judge had charged the jury that if it found Mr. Murphy guilty of malfeasance in office it could find all three guilty of conspiracy, but if Mr. Murphy were innocent of the malfeasance charge, it could not find the three guilty of conspiracy. On charges of giving a bribe, accepting a bribe and accepting extra compensation, the jury found the three not guilty.

The state had charged the three with splitting an $80,000 fee paid by United for forcing the sale of Capital Life. O. T. Hogan, chairman of United, and Paul Temple of Chicago, were included in the charge, but South Carolina was unsuccessful in extraditing them.

Mr. Farquhar in his appearance on the stand said that he had received a broker's fee in connection with the sale. He testified that he had never talked to Mr. Murphy about Capital Life until after the sale was made. Also, former governor James F. Byrnes, issued an ultimatum to Mr. Murphy that Capital Life be sold or placed in receivership. This was in reply to testimony by Lester L. Bates, former president of Capital Life and a candidate for governor in 1950 and 1954.

Mr. Murphy testified that Mr. Temple had paid him a $5,000 finder's fee in 1952 in connection with the sale of Service Life & Health to United. Mr. Temple acted as broker in the Capital Life and Service L.&H. deals, Mr. Murphy said.

Assn. of Casualty & Surety Companies has published supplements to the last workmen's compensation pamphlets for Georgia, Michigan and Louisiana and a new edition of the WC pamphlet for Mississippi.

Committee Approves Proposed Compulsory Auto Cover in Okla.

The judiciary committee of Oklahoma legislative council has aproved proposed compulsory motor vehicle liability insurance legislation patterned after the new law in New York.

The proposed law would require applicants for motor vehicle registrations to submit certificates showing they have the required amount of liability insurance, or give evidence that they have a financial security bond or a financial security deposit with the state, or are qualified as self-insurers.

The bill to be drawn up for submission to the 1957 state legislature is expected to require minimum insurance limits of $5,000 for injury or death of any one person in a single accident, $10,000 for injury or death of two or more persons in one accident, and $1,000 for property damage.

Oklahoma now has a financial responsibility law, provisions of which do not take effect until an accident occurs. Persons involved in accidents who cannot show financial responsibility may be deprived of their driving privileges.

NYFIRO Makes Several General Rule Changes

New York Fire Insurance Rating Organization has revised several general rules, effective Nov. 19.

The maximum distance required between a risk an and the nearest fire hydrant has been increased from 500 to 600 feet.

A new rule has been added providing an earthquake or volcanic eruption assumption endorsement for attachment to dwelling forms with standard fire and extended coverage or dwelling broad or special forms. The rates are based upon earthquake manual rates, with a minimum of $2.

Class rates on seasonal camps and YMCA, scout and other non-commercial type camps with caretaker have been reduced. Other changes are mostly editorial.

Pietrowski to Industrial Indemnity

Robert F. Pietrowksi has joined Industrial Indemnity as coordinator of large accounts. He was formerly with Cosgrove & Co. and prior to that had been a special agent.

Vote Glens Falls Change, Give Nine Months Results

At a special meeting of stockholders of Glens Falls 86.7% of the 650,000 outstanding shares were voted in favor of the proposed program of corporate changes. There was no dissenting vote.

Subject to final approval of the New York department, this will permit issuance of 650,000 additional shares of stock of Glens Falls, merging of Commerce and Glens Falls Indemnity with Glens Falls, and liquidation of Glens Falls Corp. whose premium financing operations will be taken over by the newly-formed Glenway Corp., a wholly-owned subsidiary. Glens Falls stockholders of record as of Dec. 31 will receive one share of the newly-issued stock of that company for each share now held, in exchange for their beneficial interest in Glens Falls Corp.

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The corporate structures are being simplified to get reductions in operating expenses and eliminate certain charges assessed by the states against each company doing business there. It will also make it possible materially to simplify and make more understandable the financial structure and the financial reporting to government, stockholders, agents and employes.

In anticipation of the merger, Glens Falls group already has integrated operating methods and personnel.

G. D. Mead, president of Glens Falls group, reported to directors that written premiums increased 6.4% in the first nine months, compared with the like period a year ago, and that income from investments increased nearly 8%.

Written premiums the first nine months were $58,446,374. Loss from underwriting amounted to $3,644,434 after increasing unearned premium reserves by $3,639,343. Investment income was $2,372,478. After allowing for dividends of $975,999, capital funds stood at $47,080,988 Sept. 30, compared with $50,176,026 last Dec. 31. The consolidated operating results, net loss of $1,365,810, showed no adjustment for recovery on prior years income tax payments because of net loss carry-back.

Mr. Mead said the increase in up reserves plus continuing increased loss ratios in most of the major lines, were responsible for the underwriting loss.

STOCKS

By H. W. Cornelius, Bacon, Whipple & Co.
135 S. LaSalle St., Chicago, Nov. 20, 1956

	Bid	Asked
Aetna Casualty	119	122
Aetna Fire	61½	62½
Aetna Life	176	179
Agricultural	29	30
American Equitable	32½	34
American, (N.J.)	23¾	24¾
American Motorists	10½	11½
American Surety	18	19
Boston	32¼	33¼
Camden Fire	25	Bid
Continental Casualty	83	86
Crum & Forster com.	59	62
Federal	35½	36½
Fire Association	45½	46½
Fireman's Fund	51	52½
Firemen's, (N.J.)	33¾	34¾
General Reinsurance	46	47
Glens Falls	68¾	69¾
Globe & Republic	17½	18½
Great American Fire	33¼	34½
Hartford Fire	148	151
Hanover Fire	38	40
Home (N.Y.)	41¾	42¾
Ins. Co. of No. America	95½	97
Maryland Casualty	33	34
Mass. Bonding	28¼	29¼
National Casualty	62	Bid
National Fire	89	91
National Union	39	40½
New Amsterdam Cas.	39½	41
New Hampsihre	38	39½
North River	32	33½
Chio Casualty	23½	24½
Phoenix Conn.	65½	66½
Prov. Wash.	20	21
St. Paul F. & M.	50	52
Security, Conn.	32	33
Springfield F. & M.	46	47
Standard Accident	49	50
Travelers	70¼	71¼
U.S.F.&G.	65	66½
U. S. Fire	24	25½

Davey Turns Down Reappointment as Ind. Commissioner

William J. Davey has declined reappointment as Indiana insurance commissioner and is taking a position with an Indiana insurer. No successor has been named as yet, and, in fact, candidates for the office have not so far had a chance to get their lightning rods grounded.

Mr. Davey has served one term and has made a good reputation. He has been a vigorous administrator taking the initiative as far as the law permitted in writing the closing chapters of one or two domestic charter companies and attempting to tighten up regulations of both companies and agents.

Hartford A.&I. Elects Ford Executive, Names Stitt to Audit Post

Hartford Accident has elected William P. Ford assistant secretary and has advanced Ralph F. Stitt to superintendent of payroll audit.

Mr. Ford joined the company in 1917 in the statistical department and traveled throughout the country as a field payroll auditor. He returned to the home office in 1925 in the collection division of the accounts department. He was named superintendent of payroll audit in 1941.

Mr. Stitt began with the company in 1938 in the payroll audit department. He was resident auditor at Detroit before transferring to the home office in 1946 as Mr. Ford's assistant.

Kessler New Head of F.&D. at Pittsburgh

Fidelity & Deposit has appointed John H. Kessler Jr. as manager at Pittsburgh, succeeding George C. Foedisch, who has resigned.

Mr. Kessler started with F.&D. at the home office, after which he spent several years at New York and Newark. He is a member of the Maryland bar.

Moulton New Haven Manager of Boston

Lewis C. Moulton has been appointed manager at New Haven by Boston and Old Colony to replace John MacKenzie, who is entering a local agency field there.

Mr. Moulton joined the Boston group in 1950 and served as special agent in Rochester, N. Y., and most recently as manager at Albany.

John E. Lonergan, Joseph E. Fazio, and Grenville S. Tompkins Jr., continue as special agents for Connecticut with headquarters at New Haven.

Court Rules Single Liability Limit in Four Vehicle Crash

Washington supreme court has ruled that the standard auto policy limit of liability applies where a negligently operated truck struck three motorcycles following each other in echelon formation, in Truck Insurance Exchange vs. Rhode.

The case, which attracted nationwide attention, concerned a situation in which Rhode, the insured, crossed a white line on the highway and struck three motorcycles traveling 75 feet apart. The accidents occurred almost simultaneously since all vehicles were travelling at about 50 miles an hour.

The trial court held that because of the three separate impacts there were three accidents and that therefore the insurer's $50,000 limit of liability was applicable for three accidents.

The insurer's attorney's, however, claimed that since five persons on the motorcycles were injured in the accident, there were five separate accidents, relying on the original decision in Rutland vs St. Paul Mercury Indemnity by U.S. fifth circuit appeals court, which was subsequently reversed. That case involved a car striking and derailing a train. In the original decision, later reversed, the court held that it must look through the eyes of each injured party, and ruled, as to each such party, there had been an accident.

Attorney for Rhode was Paul R. Roesch of Walla Walla, Wash., Tonkoff, Holst & Hopp of Yakima, Wash., and Ralph Armstrong of Longview, Wash., represented the insurer. Assn. of Casualty & Surety Companies and American Mutual Alliance filed as amici curiae.

CPCU Teachers Hold Meet at Chicago

The first of a proposed annual series for CPCU teachers in the mid-west and other sections of the country was held at Chicago by American Institute. About 50 CPCU instructors from Illinois, Indiana, Iowa, Kentucky, Minnesota, Missouri, Nebraska and Wisconsin, and about 10 guests attended the Chicago meeting to discuss teaching techniques for CPCU study courses and such other subjects as education for professional careers in insurance and motivation, selection, guidance and counselling of persons preparing for these careers.

Each session was opened with a presentation of ideas by the various CPCU teachers attending. Dr. Harry J. Loman, dean of the American Institute, was in charge, assisted by Robert M. Morse and Dr. E. S. Overman, assistant deans, and Harry F. Brooks, director of field services.

Juror Can't Collect WC in Minnesota

ST. PAUL—A person injured while serving on a jury cannot collect compensation insurance from the city, the state industrial commission has ruled. Mrs. Lelia W. Harding suffered injuries when she fell and fractured a hip while serving as a juror in Minneapolis and sought compensation from the city. A referee for the industrial commission ruled in her favor but the commission reversed his finding on the ground that Mrs. Harding as a citizen was rendering service to the state as required by her citizenship and that there was no employer-employe relationship involved. The commission also said that fees paid a juror cannot be considered as wages.

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In its ruling the commission said that payments of compensation benefits for on-the-job accidents is based on the existence of an employer-employe relationship and a contractural relationship. No liability to pay exists otherwise, the commission held.

The commission also has turned down two applications for compensation insurance because they were made too late. A St. Paul man filed a claim 13 years after the accident and another one waited 31 years before presenting his claim.

Balfour-Guthrie Sells Stock

Balfour-Guthrie of San Francisco will sell 3,290.5 shares of its $100 par value stock for $215 per share to net the company $707,457.50, of which $329,050 will be credited to capital and $378,407 to paid-in surplus. The stock will be sold to Balfour-Guthrie & Co., Ltd., Pacific Molasses Co. and Union of Canton, the company's stockholders. The company then will apply for an amended certificate to add marine to its present nine classifications.

Citizens Auto Moves into New Home Office

Citizens Mutual Auto, which recently observed the 41st anniversary of its founding, has opened a new $1 million-plus home office at Howell, Mich. The functionally modern building is faced in Indiana limestone and provides 77,000 square feet of office space for nearly 300 home office employes. Citizens which has been growing steadily since 1915, needed seven local buildings to accommodate its activity before its move to its spacious new home office which had been under construction for 13 months.

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The reinforced concrete structure consists of a main operational floor and executive level, and an unfinished low-ground level for future expansion. Phone and electric outlets are concealed beneath the desks by an under floor duct system. Ventilation and public address systems are hidden above the metal acoustical ceilings. Diffused, recessed lighting gives a daylight effect throughout the main work area.

A notable feature in the main lobby of the building is an oil portrait of the founder of Citizens, William E. Robb. This work was executed by Roy Gamble, a noted portrait artist.

Executive offices on the top floor of the three-story building are panelled in teakwood and carpeted in green. Linotile flooring predominates in the office area which consists of a large area, unbroken by partitions, to facilitate work flow. Other features include a large lunch room, a lounge, recreation area and infirmary. Background music is piped into the offices throughout the day.

Citizens specialized in automobile insurance until 1950 when it was licensed to write multiple lines. Premium written in all lines totalled nearly $15 million in 1955.

More Than 1,000 Turn Out for AMA's Fall Insurance Conference at Chicago

More than 1,000 corporate insurance managers and representatives of insurance companies attended the fall insurance conference of American Management Assn. at Chicago last week. The program for the three-day conference was designed to keep insurance managers informed and up-to-date on new thinking, new methods and new developments.

Sessions were divided into three topics—management practice, insurance techniques and the changing picture. The insurance section was praised as being the most active of AMA divisions, which was evidenced by the record attendance and lively discussions at each of the sessions.

The conference opened Wednesday morning with a discussion of the *Andrea Doria* disaster by Leonard J. Matteson, partner in Bigham, Englar, Jones & Houston of New York. Mr. Matteson is the admiralty lawyer representing insurance companies at the hearing on the sinking of the *Doria*.

This disaster vividly illustrates the efficiency and certainty with which the marine insurance market operates, he said.

Nearly $11 million of the *Doria's* basic insurance was reinsured in London and the United States, 15% of it by the American Hull Insurance Syndicate and 5% by other underwriters in this market not members of the syndicate. By midafternoon of the day the *Doria* sank, Mr. Matteson said, the management committee of the American Syndicate had authorized payment of its share of the total loss, and the next day the American brokers airmailed to London brokers checks totaling $2,165,859.

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The first claim for cargo loss on the *Doria* was settled by one of the New York marine insurance offices less than 48 hours after the sinking. It was for $22,000 on a shipment of velveteens. Other losses were settled rapidly as claims were presented and about a million dollars has been paid out by United States underwriters, he reported.

The losses arising out of the *Andrea Doria* disaster, though spectacular and "deeply regrettable," have not fallen too heavily on the American marine insurance market, he noted, since foreign vessels largely insured abroad were involved. "Many less publicized marine losses have cost American underwriters more. They do, however, serve to emphasize the breadth of this market and the service it performs."

Total loss cases like the *Doria* are easily dealt with, according to Mr. Matteson. "The great service of the market is in providing necessary protection in the operation of the many thousands of more modest vessels, in tending to the avoidance and minimization of losses."

Before World War I, Mr. Matteson said, the American market was small and operated at a great competitive disadvantage with foreign markets. Following the Merchant Marine Act of 1920 the American Hull Insurance Syndicate was formed and it has grown until today there are 85 subscribers with a current underwriting capacity of 17 million per vessel and total capital assets of more than $6.5 billion.

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For cargoes, Mr. Matteson said, fully adequate marine insurance is available in the domestic market at competitive rates. The American market, however, has been hampered in foreign trade by restrictive laws and regulations of foreign countries that require insurance which they are in a position to control to be placed locally. "The market has had the support of our State Department in efforts to overcome such restrictions. Perhaps some of you can aid the domestic underwriters in this field. All that the domestic market asks is the right to compete on even terms for export business."

Shipments by sea are subject to many liabilities that do not appear at first glance and carriers are protected from many liabilities by a number of special statutes, Mr. Matteson pointed out. But, if the cargo is fully insured, the shipper need not be concerned. "The marine insurer steps in and takes over, protecting the shipper and the cargo. Nevertheless, marine insurance rates are modest and the protection afforded extensive and certain."

More and more companies are car-

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AMA Panel Explores Insurance Problems Resulting from Corporate Mergers

Insurance problems resulting from corporate mergers and decentralization were analyzed in a panel discussion at the meeting in Chicago of the insurance division of American Management Assn.

Panelists were James M. Cooper of American Motors Corp., Ralph J. Walker, vice-president of Pacific Mutual Life, and Edward F. Neubecker, assistant secretary of Burroughs Corp.

Corporate mergers offer real opportunities for improving the insurance program because of the benefits of the law of large numbers, but taking advantage of those opportunities is not as simple as many managements assume, Mr. Cooper said. Managements of companies that merge usually consider insurance to be one of their smaller problems, according to Mr. Cooper, "since they assume that whatever programs were in effect generally should be good enough to last for a month or two until details can be straightened out. Such is not the case, he warned. "A merger is the result of a legal act reduced to a piece of paper. It occurs at a specific and given time. Similarly an insurance contract is legal, and it too is reduced to writing. It is very specific as to who is being insured and under what circumstances. And it is almost inevitable that two insurance departments will use two different approaches to the concept of insurance and risk management. Therefore, Mr. Cooper emphasized, it is highly desirable to have advance notice of merger plans and to select someone beforehand to be responsible for the insurance program. Essential tools in insuring complete insurance protection for the new organization are advance notice, a post-merger insurance program and the authority to carry it out. Mr. Cooper suggested picking one insurance department to handle the program rather than asking them to work together on an equal basis since there usually is no time to settle disagreements between them.

Probably the first step following a merger, Mr. Cooper suggested, is to amend all filings made as a self-insurer under workmen's compensation laws and to select an insurer to make necessary filings in states where insurance is purchased. If subsidiaries are named individually in insurance policies and if those names change after the merger, separate filings for them must be made promptly. Take immediate steps, he cautioned, to assign all policies to the new corporate entity, particularly where liability policies are concerned. High priority also should be given to the fidelity bond.

The first concern with fire policies is to see that they are assigned, Mr. Cooper said. Then at an early date investigate the possibilities of blanketing coverage. If there is advantage in obtaining a greater spread of risk, also consider the possibility of blanketing use and occupancy coverages.

"Where two group insurance programs are merged you can hardly help but compromise many items, the net result of which is that certain benefits, small as they may be, are lost to certain individuals. If changes have to be made and are made promptly it is understood by the employes to be part of the merger and they are accepted. If they are delayed, employe resentment may create human relations problems, he added.

The major problems created by pension plans and group benefits in a merger are centered around valuation of corporate worth prior to the merger and integration of employe benefits after the merger, according to Mr. Walker. If the valuation problem is properly solved, the matter of policy to be followed is automatically fixed

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and the solution to the second problem is mechanical, he said.

The parties to the merger must decide prior to the merger what the pension plan will be after the merger and then proceed to value the pension plan liabilities on the basis of the proposed uniform plan, he said. Unfortunately, there are many methods of determining a company's pension liability such as entry-age-normal-cost, attained-age-normal-cost, frozen-initial-liability, unit-credit, and others. However, the lack of a single method and the confusing terminology are not justifiable under the circumstances, and the same method should be used for all members of the proposed merger. Obviously, an expert should be called in to make recommendations on a suitable method and to make or direct the calculations. The expert will also assist in choosing the funding factors: mortality rates, interest rate, turnover rates, salary or wage increase rates and expense rates.

The alternative to considering pension plan liabilities is to adjust values by the amounts of pension plan assets, if any. The asset approach, if it will produce approximately the same answer, is to be preferred because it is easier to apply, Mr. Walker said. This situation would exist where the age, sex, turnover and period of service compositions of the corporations are quite similar and no pension benefits are vested.

Once the parties to the merger have agreed to a post-merger pension plan and vaulation of the various plans involved have been accomplished, the medium of funding, mechanics of making changes and the timing of changes will proceed almost "mechanically," Mr. Walker said. Prompt action should be taken if benefits are to be cut back to obtain uniformity. A cut-back is never popular, but less harm will arise if it is blamed on the fact of merger, rather than have a delay result in its being blamed on the penuriousness of the merged corporation. The mechanics of making the changes and the medium of funding are closely tied. By medium of funding I refer not only to an insured plan versus an uninsured plan, but also the several types of insured plans which may be involved or may be considered. The solutions will depend upon the specific circumstances.

"I have avoided the requirements imposed by the Treasury Department for qualified pension plans. Those requirements will, of course, have to be met, and meeting them may not be the least of the problems. For example: If a cut-back in benefits is necessary, will it affect only the future employes? What is done with present vested interests! Possibly there are two plans, one for the salaried and another for the hourly. All monies set aside for pension benefits must revert to employes in a non-discriminatory manner —never back to the corporation. I have also avoided the possibility that one or more negotiated pension plans may be involved. More than likely, no change will be made in a negotiated plan at the time of merger. In that event the mechanical problems are simplified, Mr. Walker concluded.

Managerial decentralization is here to stay, but even in a company that decentralizes line operations the insurance department should be centralized, according to Mr. Neubecker. His

reasons were: Insurance problems in today's business are so complex that they demand the full-time attention of a highly trained staff of insurance experts; the centralized inusrance department can obtain better coverage through blanket policies, broader forms and more comprehensive engineering and agency service, and lower costs through mass purchasing.

For example, he said, the premium for a primary commercial blanket fidelity bond at limits of $500,000 for a concern employing 80 money-handling employees is $4,064.22. If this concern were decentralized into two divisions of 40 employes each, with each division purchasing its own fidelity bond through a different carrier, the premium for each division would be $3,298.72, for a company total of $6,597.44.

In administering a centralized insurance program for a decentralized company, Mr. Neubecker said, the insurance manager should be personally acquainted with the key men in each division, should renew his contacts through periodic trips, and should make a major effort to overcome possible divisional resentment of the insurance exception to decentralization by emphasizing the value to the divisions of competent insurance department service in a highly technical area.

The problem of communication, he pointed out, increases in direct ratio with the size of a company and with the dispersion of its operations. Another elemental rule in the insurance department, therefore, is to arrange insurance to provide automatically for changes in risks as they occur. In almost every form of insurance, except for real property values at new sites and business interruption insurance, contracts can be arranged to cover new additions automatically. To defeat this lack of communication, Mr. Neubecker advised, anticipate insurance requirements by buying automatic coverage at limits high enough to cover the maximum conceivable loss that can occur. Another safeguard is the blanket insurance arrangement used to protect real and personal property values. All existing plants can be included under one policy carrying a single limit of liability that is far in excess of the values of any single location and yet is applicable to any one location. This arrangement, he said, is possible without co-insurance requirements. "In my opinion, co-insurance clauses in insurance contracts should be avoided in a decentralized organization wherever possible."

Witness' Dress Important, Judge Tells Claims Men

Importance of the way a witness dresses in court was described by Criminal District Court Judge Joe E. Brown at a meeting of San Antonio Claim Men's Assn.

Judge Brown said there are two types of witnesses in regard to appearance—the overdressed and the underdressed, the latter type giving no consideration to their personal appearance. He said this personal appearance makes the first impression on a juror's mind, and from this a juror may deduce the witness' character and the value of the evidence he gives.

Assn. of Casualty & Surety Companies and National Assn. of Mutual Casualty Companies were among 20 organizations represented at a recent American Standards Assn. meeting in New York which voted to establish a national committee to develop an American standard to cover recreational passenger transportation on skier and sightseer lifts, tows and aerial tramways.

Reinsurance Corp. Dissolves National Re to One Company

National Re, affiliated with Reinsurance Corp. of New York, has reinsured all of its reinsurance agreements and contracts with the older, parent company.

Under the agreement all liabilities and obligations of National Re will be assumed by the parent company. It is contemplated that National Re will be dissolved with its net assets going into a life company.

Robert G. Clarke, president of both companies, said that the consolidation will result in savings of time and expense and will make Reinsurance Corp. one of the strongest reinsurers in the American market.

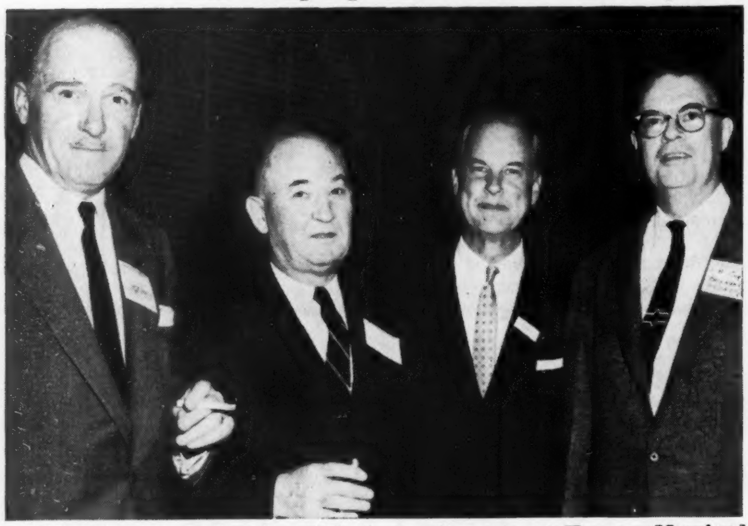
National Re wrote net premiums of $2,239,220 in 1955 and showed total assets of $14,635,905. Reinsurance Corp. wrote net premiums of $6,942,535 during the same period and has assets of $31,497,179.

FR May Apply to Off Highway Accidents

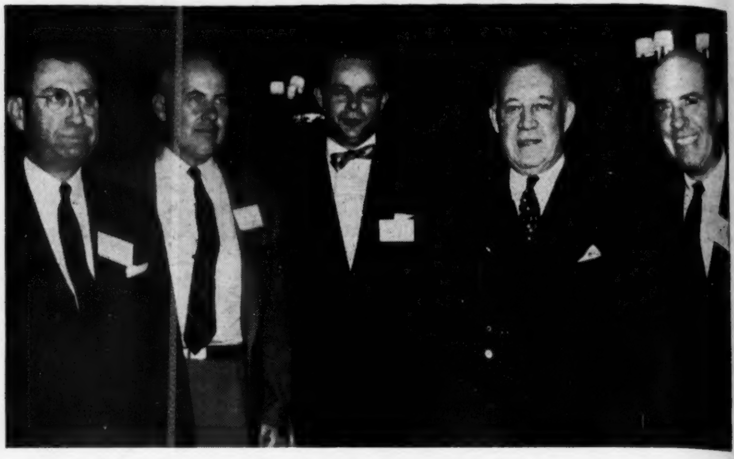
A Rhode Island court has denied an injunction sought by Thomas W. Davis to prevent motor vehicle officials from compelling him to post $380 bond for a collision that occurred in a private parking lot. Mr. Davis contends that the financial responsibility law does not apply on private property.

The court ruled that the FR law applies to the operator of every motor vehicle involved in an accident within the state where death, injury or more than $100 worth of damage occurs.

Photographed at Fall Meeting in Chicago of AMA Insurance Section



S. H. McGoun Jr., Indemnity of North America; John P. Keevers, Maryland Casualty; Robert Mahan of Rollins Burdick Hunter Co., and J. M. Bugbee, vice-president of Maryland Casualty, at the insurance section meeting of American Management Assn. in Chicago.



In the headquarters of Lumbermens Mutual Casualty at the meeting of the Insurance Section of American Management Assn. last week in Chicago: E. N. Gilbert, Penn Mutual Life; F. W. Norcross, Budd Co.; Donald R. Reed, Continental Can; J. E. Magnus, president of James S. Kemper & Co. agency, and N. C. Flanagin, executive vice-president of Lumbermens Mutual Casualty.

Attending the Insurance Section of American Management Assn. in Chicago: Top, Walter Sundstrom of Factory Insurance Assn.; E. J. Flood of International Harvester Co., and V. L. Montgomery of North America. Bottom, Herbert Brook of Lord, Bissell & Brook; Norman Freeman of Rollins Burdick Hunter, and M. C. Peterson of Wisconsin Electric Power Co.

N. Y. Brokers Elect Nathanson President

Greater New York Insurance Brokers' Assn. has elected Mortimer L. Nathanson president to succeed Matthew Napear. Other new officers are David Greif, Lawrence M. Goldstein and Samuel Dimson, vice-presidents; Jack Epstein, recording secretary, and Maurice Loebel, treasurer. Mr. Napear is the new board chairman.

New directors nominated are Lawrence Schott, Walter Grasheim, Max Rakofsky, Leonard S. Friedman, Mr. Grief, Mr. Goldstein, Mr. Dimson, Albert Seligman, Irwin F. Labadorf, Edward Jaffin and Marshall Rubenstein. They will be elected by the general membership at the association's annual meeting Dec. 11 at Hotel Martinique, New York.

Six More States Approve IMIB Commercial Form

Six more states have approved the commercial property filing of Inland Marine Insurance Bureau.

The states and the effective filing dates are: Georgia Nov. 1, Massachusetts Nov. 19, New Hampshire Nov. 15, Rhode Island Nov. 19, Tennessee Nov. 21, and Vermont Nov. 19.

Norman H. Fowler of J. H. Minet & Co., Montreal, with Harrington Putnam, vice-president of American Foreign, and John J. Geary, midwest supervisor of AFIA, in the AFIA headquarters during the AMA. Insurance meeting at Chicago.

Two Country Mutual Companies to Merge

Policyholders of Country Mutual Fire and Country Mutual Casualty, at their annual meetings in Chicago this week, voted to merge the two companies effective Jan. 1. The name of the new company will be Country Mutual Ins. Co.

The new company will continue to be an affiliate of Illinois Agricultural Assn. and will have the same board of directors as the association. Country Mutual will have total assets of more than $48 million and surplus of $16 million. The two companies at present each account for about half of those figures.

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Country Mutual Fire, which was organized in 1925, writes fire, windstorm, and EC and for many years has been the largest crop-hail insurer in the nation. Country Mutual Casualty was founded in 1927 and provides auto, truck and general liability coverages. They are licensed in Illinois.

Haugh Says Hard Job Is to Estimate Nuclear Cover Need

The most difficult problems in insurance for nuclear reactors involve liability, Charles J. Haugh, vice-president of Travelers, said in a talk before Insurance Institute of Montreal.

The amount of property insurance required is readily established by the value of the property, but the amount of liability cover needed is solely a matter of judgement, he pointed out. Referring to the element of meteorological conditions at the time of a possible accident at a reactor site, the difference in the situation is brought about by the necessity of considering a new and relatively unknown hazard, Mr. Haugh continued.

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It is quite probable that the amounts of liability carried by the majority of business organizations today are substantially less than the maximum potential liability loss which might be sustained under the worst conditions, he said. Most liability insurance is purchased in limits not exceeding $100,000 to $300,000 and is limited to bodily injury, excluding property damage. Liability limits of $1 million or more are infrequent and limits of $10 million are rare, he said.

Commenting on the formation of the syndicate by stock companies, Nuclear Energy Liability Insurance Assn., Mr. Haugh said that a lot of time and effort has been put into the creation of the insurance facility, development of coverage and the establishment of rating procedures. It is nearing completion, he said, and we will very soon be in a position to answer more definitely cost and other questions.

Taylor, Mullin Named in East by Kemper

Lee W. Taylor has joined the Kemper companies as fire manager at the Summit, N. J., office which services Delaware, Maryland, New Jersey, New York, North Carolina, Pennsylvania, Virginia and the District of Columbia.

He succeeds James B. Mullin, who has been promoted to eastern office fire manager and will serve as home office fire representative at Summit.

Mr. Taylor was formerly assistant manager of Allied Lines Assn. and more recently he has been with Fireman's Fund.

Mr. Mullin joined the Kemper organization at Philadelphia in 1945. He served as New York metropolitan fire manager for several years and in 1955 moved to Summit to establish that branch fire operation.

Casualty Adjusters Assn. of Southern California at its October meeting in Los Angeles heard an explanation by **Miss Jerry Lambert** of how the "intoximeter" is used by the Los Angeles police department.

Convention Dates

Nov. 26, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach hotel Chicago.

Nov. 26-28, American Mutual Alliance, annual, Edgewater Beach hotel, Chicago.

Nov. 29, Insurance Federation of New York, annual, Waldorf-Astoria hotel, New York City.

Dec. 3-7, National Assn. of Insurance Commissioners, semi-annual, di Lido hotels, Miami Beach.

Dec. 27-28, American Assn. of University Teachers of Insurance, annual, Cleveland hotel, Cleveland.

1957

Mar. 1-2, Tri-State Mutual Agents Assn., annual, Penn Harris hotel, Harrisburg, Pa.

Mar. 4-5, New Jersey Assn. of Insurance Agents, midyear, Berkeley-Cartaret hotel, Asbury Park.

Mar. 17-19, Eastern Agents Conference of NAIA, annual, Statler hotel, Washington, D. C.

Mar. 20, American Marine Hull Insurance Syndicate, annual, Board room, 99 John street, New York City.

April 11-12, Ohio Assn. of Insurance Agents, annual, Neil House hotel, Columbus.

April 15-17, Iowa Assn. of Insurance Agents, annual, Savery hotel, Des Moines.

April 28-May 1, Chamber of Commerce, insurance department, annual, Washington, D. C.

May 2, Midwestern Independent Statistical Service, annual, La Salle hotel, Chicago.

May 5-7, Alabama Assn. of Insurance Agents, annual, Battlehouse, Mobile.

May 5-7, New York State Assn. of Insurance Agents, annual, Syracuse hotel, Syracuse.

May 6-7, National Assn. of Independent Insurance Adjusters, annual, El Mirador hotel, Palm Springs, Cal.

May 20-22, Insurance Accounting & Statistical Assn., annual, Palmer House, Chicago.

May 26-29, American Assn. of Managing General Agents, annual; Fontainebleau hotel, Miami Beach.

June 3-4, Eastern Underwriters Assn., midyear, Shelburne hotel, Atlantic City.

June 10-12 South-Eastern Underwriters Assn., annual, Homestead hotel, Hot Springs, Va.

June 12-15, International Assn. of A&H Underwriters, annual, Lowery hotel, St. Paul, Minn.

June 14, Mutual Fire Insurance Assn. of New England, annual, Parker House hotel, Boston.

June 20-22, North Carolina Assn. of Mutual Insurance Agents, annual, Mayview Manor and Green Park hotels, Blowing Rock.

July 4-6, International Assn. of Insurance Counsel, annual, Chalfonte-Haddon Hall, Atlantic City.

Aug. 15-17, Louisiana Assn. of Mutual Insurance Agents, annual, Edgewater Gulf hotel, Edgewater Park.

Aug. 26-29, Hon. Order of the Blue Goose, International, annual, Roosevelt hotel, New Orleans.

Sept. 15-18, Michigan Assn. of Insurance Agents, annual, Grand hotel, Mackinac Island.

Sept. 17-20, Mutual Loss Research Bureau, annual, Edgewater Beach hotel, Chicago.

Sept. 20, Delaware Assn. of Insurance Agents, annual, Rehoboth hotel, Rehoboth.

Oct. 1-3, Society of Chartered Property & Casualty Underwriters, annual, Waldorf-Astoria hotel, New York City.

Oct. 6-9, National Assn. of Casualty & Surety Agents, annual, Greenbrier hotel, White Sulphur Springs.

Oct. 13-16, National Assn. of Mutual Insurance Agents, annual, Sherman hotel, Chicago.

Oct. 16-18, National Assn. of Independent Insurers, annual, Edgewater hotel, Chicago.

Oct. 17, Inter-Regional Insurance Conference, annual, Plaza hotel, New York City.

Oct. 19-23, Western Underwriters Assn., annual, Greenbrier hotel, White Sulphur Springs, W. Va.

Oct. 20-23, National Assn. of Mutual Insurance Companies, annual, Jung hotel, New Orleans.

Oct. 22-23, Massachusetts Assn. of Insurance Agents, annual, Sheraton Plaza hotel, Boston.

Oct. 27-29, Illinois Assn. of Insurance Agents, annual, Pere Marquette hotel, Peoria.

Oct. 30, Connecticut Assn. of Insurance Agents, annual, Statler hotel, Hartford.

Nov. 15, American Marine Insurance Clearing House, annual, New York City.

Nov. 17-19, Kentucky Assn. of Insurance Agents, annual, Kentucky hotel, Louisville.

Nov. 17-20, Indiana Assn. of Insurance Agents, annual, Claypool hotel, Indianapolis.

Va. Approves Increased Young Male Driver Rates

Virginia state corporation commission has approved a filing by National Bureau of Casualty Underwriters increasing by about one-third rates on auto liability policies for unmarried male drivers under 25. The increases will be effective after Feb. 1.

Fire and Casualty Insurance

COMMENTS - TRENDS - OBSERVATIONS

ML, All Risk Policies Will Insure Agents' Growth, Battles Says

The concept of true account underwriting and the comprehension of many hazards in one contract is the ideal answer to the public's requirements and the independent agent's growth, Robert E. Battles, president of NAIA asserted in a talk at the annual meeting of Kentucky Assn. of Insurance Agents.

All segments of the business, as well as regulatory authorities, are beginning to realize that the real significance of multiple line laws was to permit an entirely new approach to the subject of insurance, he said.

They are waking up to the fact that multiple line or package policies or all risk policies are not merely another policy to be assigned to an already existing cell or cubbyhole within the business. Most people now understand that while it might be entirely reasonable, because of background and training, to assign this new subject to a marine department, this does not mean to say that multiple line underwriting is a marine subject, Mr. Battles said.

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The heart of multiple line underwriting is the opportunity to include in a single policy many formerly isolated coverages and perils. This means the eventual universal use of all risk insuring clauses subject to reasonable exclusions in place of the backward method used for more than a century, he continued.

All this means that agents are rapidly freeing themselves from devoting principal consideration to perils and permitting themselves to address attention to the subject of insurance as a primary consideration.

From the point of view of that public, insurance serves two rather simple and basic purposes, Mr. Battles pointed out: Protection against loss of or damage to the policyholder's own property; and protection against the effects of the liability imposed upon him by law for loss or damage of property or the person of others. The policyholders' view has been that they had insurance to protect a piece of property, regardless of what happened to it. Multiple line underwriting and its twin brother, all risk insurance, now permit development of coverages which are very much like what insured thought he had all the time, Mr. Battles stated.

The insurance business has done a magnificent job in providing excellent coverages, Mr. Battles went on. There are very good reasons why the business did develop as it has and it is no criticism to say that from this point on, the continuance of the cell-like internal structure and the development of coverages by departments rather than by the institution as a whole, would certainly be doing things the hard way, he said.

For instance, in order to insure the four walls of a modern store building, it is necessary to consult two different insurance divisions, each having its own rating procedures and overhead—to say nothing of differences in underwriting opinion and multiplicity of bureaus and associations. It would be better to look at the store from insured's point of view as a whole single object to be insured and thus be free from the departmental octopus which has been created, he suggested.

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The business could face the public a little more honestly if it could further look at things from his viewpoint. For instance, insured is admittedly a bit confused when a burglary loss is adjusted on his garage under a personal property floater, happily paying for the bicycle, lawn mower and power saw that was stolen therefrom, but deducting from his claim the cost of his automobile, which was also lost. Insured is being rather logical when he insists that his automobile was an article of personal property and it is doubtful, if left to his own devices, that he could fathom the reason for making this exception, Mr. Battles said.

Mr. Battles suggested that the concept of ML underwriting will soon bring the business to the point where it can approach the policyholder's simple viewpoint of what insurance should do for him. In order to accomplish this, however, the business must understand the nature of ML and not allow itself to continue too long to think that simple packaging approaches the full exercise of multiple line possibilities. It must adopt that simple point of view of insured wherein only two kinds of insurance are found—first party and third party, or property and liability, insurance, what insured would probably think of as "mine and thine insurance."

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Mr. Battles declared that the time has arrived to conform with commonly accepted personal, legal and business practices and make such divisions as may be necessary along lines commonly accepted by the rest of the community. For instance, it would be perfectly reasonable to subdivide property into real and personal property. In doing so, extreme caution should be used to apply those terms the way everybody else does. Personal property, for example, to a reasonable man means all of those goods not properly defined as real estate. His definition does not distinguish between business or leisure use. Every court and all of his fellow men understand what he means by personal property, whereas it is doubtful if there is any business or profession in the country which commonly uses the insurance definition of personal property.

He pointed out that out of 100 insured, one might have an auto liability loss, another one or two a comprehensive liability loss and still another a workmen's compensation loss. Rare indeed is the single policyholder who in the same policy year will run over a pedestrian, clobber a caddie on the golf course, have his dog bite the postman, and discover his gardener had broken his leg on a defective ladder. This inherent characteristic of the ultimate in ML underwriting will contribute tremendously to the reduction of total insurance costs for the well insured buyer.

With the development of the new ML era, a new philosophy of rating must be learned and understood, the concept of the single rate, Mr. Battles said. The savings in work and elimination of duplicate effort to be realized through single rating are obvious. However, the very propriety of the single rate is by no means agreed upon yet, although it seems to be inevitable in the development of this business, he predicted. From a statistical point of view, it has been shown that it is at least as easy to handle an all risk policy as it is to handle a specified peril policy.

The single rate can actually serve more informative statistical purposes than usual breakdown into specific rates, he said. The goal of a single rate is not an unreasonable one.

The ML approach will arrive but will require the utmost in professional skill on the part of the adviser-salesman who puts the program together, Mr. Battles cautioned. There can be no question but that the professional independent agent has a more brilliant prospect before him than the captive salesman for a specialty company.

Gov. Knight has proclaimed the week of Nov. 26-30 as "Insurance Brokers' Week in California" in recognition of the 50th anniversary of Insurance Brokers Exchange of California. Shown with the governor as he signs the proclamation is Eugene J. Sullivan, executive secretary of IBEC, and Joseph C. Gates, chairman of the celebration. Highlight of the week's observation will be a luncheon in San Francisco Nov. 27 and a dinner in Los Angeles Nov. 29.

Survey to Show Why Accidents Do Happen

Connecticut health department is proposing to conduct a unique family injury survey to find out why accidents will happen.

The department has applied for a $68,000 grant from U. S. Public Health Service to finance the planned two-year study from which surveyers hope to show how the accidents can be prevented. Robert J. Keehn, director of vital statistics, and Dr. Alexander Tutles, chief of the medical services division, will head the department's probe with a special staff of 17 investigators, interviewers and medical evaluators.

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Mr. Keehn said the survey will cover two towns and about 35,000 people. Interviewers will leave a daily log with each family selected for the survey on which all accidents happening to each member of the family will be recorded during a four week period. Accidents ranging from a cut finger to auto fatalities will be recorded.

Additional information about accidents in the area will be taken from hospital records. Investigators will then question accident victims in hopes of uncovering the causes of the accidents. After a year's field work, investigators will spend and additional year compiling information and evaluating records into a final report for use in furthering public education on accident prevention.

Fire 'Conscious' Inspectors in Wis. Burn Their Money

A group of Wisconsin fire men inspected Monroe, Wis., recently and got a costly lesson in the value of "Practicing What You Preach." After the inspection the city firemen gave a venison dinner at the Legion hall and a poker game followed. After the chips were passed out, folding money was placed in a cigar box which previously contained the chips. Shortly after the game started someone lit a cigar and threw the supposedly "blown out" match in the cigar box. A blaze ensued and the money burned up.

The fire chief chided: "Several of you lads talked to our school children today about the danger of matches. Why don't you practice what you preach."

W. Va. Holds Hearings on New Insurance Code

West Virginia department has started hearings in Charleston on the proposed draft of its revised state insurance laws.

Future hearings will be held Nov. 26-27 for fire, marine, casualty and surety insurers; Nov. 28 for all domestic insurers excluding farmers' mutuals; Nov. 29 for all reciprocals; Dec. 11-12 for fire, marine, casualty and surety agents; Dec. 13, for life agents; Dec. 14, for A&S agents, and Dec. 17-18 for all other organizations and persons.

1,000 Turn Out for AMA's Insurance Conference

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rying travel accident insurance on their employes and the trend is toward complete coverage, according to a survey just completed by the AMA and reported to the conference by Richard E. Welsch, assistant insurance manager of J. P. Stevens & Co., Inc., New York. Of the 495 AMA member companies that replied to the questionnaire, 296 have travel accident insurance—270 of them for all employes, 26 for executives only. Of the 199 companies without such coverage, 69 are interested in it, Mr. Welsch reported.

Only 68 of the firms with travel insurance carry it for air travel only, Mr. Welsch noted. All travel is covered in 103 companies and all accident in 125. Of those contracts that have been in force for ten years or more 45% cover air travel only. Among those contracts in force for three years or less only 11% cover air travel only, "a clear indication that the present trend in this coverage is for complete travel coverage. This might," Mr. Welsch suggested, "be an indication that organizations having air travel insurance for a number of years would do well to re-evaluate their program."

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It is hard to determine, Mr. Welsch said, the exact reason for increased interest in travel accident insurance. Possible factors are improvement in the nation's economy, increased awareness of the hazards involved in traveling and the general increase in employe fringe benefits. Some companies buy travel accident insurance because they feel a moral obligation when employes are killed while traveling for the firm, because their employes face special hazards in the course of business travel; because additional fringe benefits may be of help in a competitive personnel market, or because they feel their present group insurance, accidental death and dismemberment and workmen's compensation coverages are inadequate.

Travel accident insurance, according to Mr. Welsch, is perhaps the most flexible type of insurance written today, and should be tailor-made to cover the specific requirements of the company. He recommended all travel insurance as the best travel accident coverage since it can include 24-hour protection for the employe, even in an accident that does not arise out of actual travel, and medical and weekly indemnity payments. "When you start to pick and choose probable accident causes by confining your travel accident policy to one of the limited type coverages, you begin to skate on some very thin ice. If it is your desire to provide adequate protection against the hazards of travel, the only sure means of doing this is to cover all modes of transportation," he concluded.

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A panel discussion of insurance problems resulting from mergers or decentralization concluded the management practice session of the conference Wednesday afternoon.

Thursday's sessions were devoted to insurance techniques and centered around hold harmless agreements, fidelity coverage and business interruption insurance.

Anthony W. Fitzgerald, legal editor of *The Weekly Underwriter*, suggested a simple form of hold harmless agreement that does not shift liability for one party's negligence to another as a good compromise between the opponents and proponents of this controversial type of contact. If the two parties to a contract would just sit down together and think out their liability problems, he said, in most cases they would realize that the hold harmless agreement is unnecessary. Or if they must have one, at least they could compromise on a wording that does not shift this liability. However, Mr. Fitzgerald conceded, such compromise is unlikely because corporate insurance managers are too fearful. They raise a blanket objection to assuming any sort of liability.

Those who oppose hold harmless agreements, Mr. Fitzgerald explained, claim that they are unnecessary or unethical or both. In most cases, he said, existing insurance forms provide competent substitutes for contractual liability. Use of both results in overlap or duplication of insurance coverage, with resulting high costs and economic waste for the community was a hole. Hold harmless, he said, is a vicious circle. One party shifts his liability to

another, who must pay an additional insurance premium to cover it and who returns the cost to the other in the form of higher prices for his services. Hold harmless provisions relating to the sole negligence of the indemnitee not only add unnecessarily to the cost of doing business but at times approach the "unconscionable" in their application, according to Mr. Fitzgerald. This unethical consideration, he said, is the strongest argument against hold harmless.

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Proponents point out that shift of liability is not present in all hold harmless agreements, that many hold harmless agreements have been upheld by the courts and that restricting their use might impair freedom of contract. They say, Mr. Fitzgerald explained, that there are occasions when the hold harmless clause gives protection when the insurance policy doesn't, that the user of contractual liability at least knows where he stands and that hold harmless is an aid in public relations —if you are not liable for your own negligence you can't be criticized for refusing to indemnify someone who is injured. This last argument Mr. Fitzgerald characterized as a thoroughly cynical one. In his opinion, he said, hold harmless agreements are acceptable, though perhaps unnecessary, where there is no shift of liability. But no one, he claimed, should assume responsibility for someone else's negligence, especially since the one shifting the responsibility has to pay for it in the long run anyway.

The specter of the uninsured or underinsured fidelity loss still haunts American business despite extensive educational work by the insurance industry, according to Peter A. Zimmerman, assistant secretary of Surety Assn. of America.

"Horrible examples" of employe dishonesty losses where no coverage or too little coverage was carried are still all too common, he said. "For every case that you have heard about there are hundreds if not thousands of others. Fortunately or unfortunately not everyone shares the belief that every man is a potential thief."

There are three principal safeguards against dishonesty loss, Mr. Zimmerman said: effective internal control, fidelity bonds and independent audits by certified public accountants. None is wholly effective without the others. Even good internal control cannot make it impossible for employes to defraud their employers and independent audits do not guarantee disclosure of all irregularities. Fidelity coverage, he said, is essential to recover what may be lost despite management's best efforts to prevent such losses.

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A basic problem, Mr. Zimmerman said, has been the difficulty of determining exactly how much coverage each type of insured should be carrying. A special subcommittee of the Surety association's fidelity bond committee gathered information on fidelity losses of member and some nonmember companies over a ten-year period. The information was classified and tabulated according to the nature of the insured's business, and a variety of factors that might be used as a base for a guide to the amount of coverage required were tested against it. A certain percentage of current assets and annual sales was found to represent an exposure index. The committee devised a graduated table of exposure

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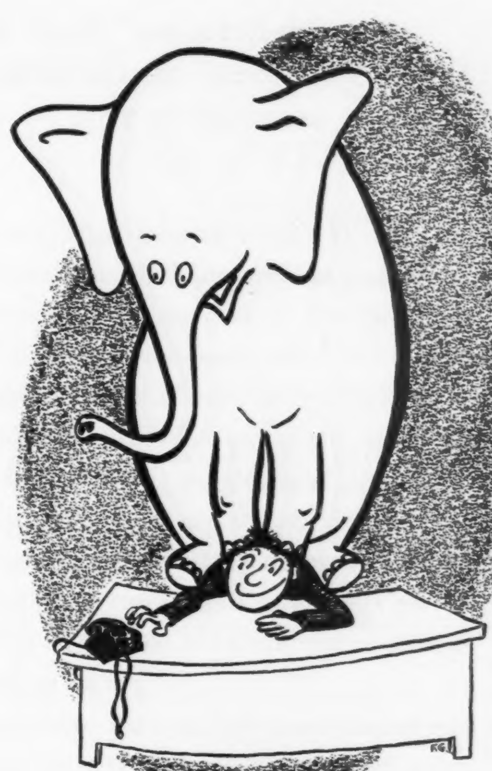

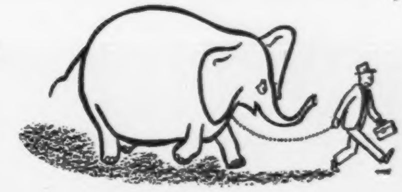

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index amounts and related it to suggested minimum bond amounts. The formula is outlined in a booklet, "How Much Honesty Insurance," which is available from the Surety association. The bond amounts suggested by the formula, Mr. Zimmerman cautioned, are minimum not maximum amounts. The committee in testing its formula found that it produced full protection in 95% of the cases they studied. "The fact that 5% of the cases would not have obtained full recovery indicates the recommended amounts are not excessive and suggests that some insureds could well consider purchasing coverage in excess of the recommended minimums." However, he said, the relative accuracy of the formula indicates that "we have now found the answer to this perplexing problem of proper limits for fidelity bonds."

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The first steps are the crucial ones in adjustment of a loss covered by business interruption insurance according to Frank S. Glendening, partner in the public accounting firm of Frank S. Glendening & Co. of Philadelphia.

Mr. Glendening suggested that insurance managers know their policies thoroughly and study the contract and try to resolve all questions before the loss occurs. After a loss occurs, do your best to get back into operation, he said. Use other available facilities, whether they are your own or someone else's; consider buying items you can no longer make; utilize overtime wherever practicable, and discuss all your plans with the insurance company adjuster. Even if you have to spend more than you can collect under your business interruption claim, it is worth it to stay in business and retain customer good will. However, separate such extraordinary expenses from normal costs on your books of account.

Adjust the property damage loss and then decide whether to estimate business interruption downtime and amount of loss before returning to normal operations or to wait until the period of suspension ends. The loss, he said, will depend largely upon the character of the physical damage. An unscheduled shutdown can cause a loss in earnings even without a loss in sales because of disproportionate expenses in maintaining partial operations. Adjustment gives "due consideration to the experience of the business before the loss and the probable experience thereafter had no such loss occurred."

In determining the possible effect of a suspension upon an insured's operations adjusters take into consideration the following factors: actual cancellations of customer orders, prospects for the insured's line, including the effect of pre-loss advertising and introduction of new products; general business prospects, experience of competitors before and after the loss; plant capacity, including plans for utilizing new processes, shipping bottlenecks and scarcities of raw material or labor; previous actual experience compared with budgets and forecasts; and the effect of concurrent incidents during the interruption period. They also give attention to whether the insured owns idle facilities that could perform the same work, whether he does everything he can to reduce the loss, and whether loss of production actually does result in loss of sales.

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The most difficult losses to adjust, according to Mr. Glendening, are the partial ones, particularly those having a short period of interruption. It is always possible that saleable production may not be lost but merely delayed. If a good standard cost system is in effect and it shows an increase in unabsorbed factory labor and burden attributable to the interruption, it may be used as the measure of the loss.

How manufacturing companies cover business interruption losses was the subject of a panel discussion Thursday afternoon by Robert M. Young of Scott Paper Co., Robert E. Lauterbach of Pittsburgh Steel Co., W. B. Womeldorf of Thomas J. Lipton, Inc., and Nils H. Munson of Dow Chemical Co. The panelists explained how their companies utilized business interruption insurance, extra expense insurance and self-insurance to guard against business interruption losses.

At the final session on Friday, speakers presented a composite view of the changing insurance picture.

Frank J. Meistrell, commissioner of the Flood Indemnity Administration, reviewed the general provisions of the Federal flood insurance act and what it means to the industry.

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Richard A. Lydecker, vice-president of Great American, said nothing is going to erase the idea of package insurance policies, however, attitudes of both buyers and sell resof insurance raise some obstacles to the further development of "all risk" coverage. There is no question, according to Mr. Lydecker, that the manufacturer's output policy has been a successful experiment. It would seem, he suggested, that the time has come to broaden its scope "so as to include many acceptable risks that cannot now qualify only because of size. Also, some provision for coverage on manufacturing premises might be made." The mercantile block policy, which "just didn't turn out right," is now being succeeded by the commercial property form, a new policy of great potential importance to the insurance business. Less highly publicized but equally valuable, he said, is another new multiple-peril form, the office contents special form. Literally dozens of other package ideas are being considered or are actually in use.

However, Mr. Lydecker noted, package policies have met much opposition in and out of the insurance industry. One major area of difference is the

theoretical approach to the problem. One group holds that the premium should be indivisible as to perils covered and that the rate calculation should ultimately depend solely upon the experience of the class itself. The other theory would require breakdown of the premium into major components with each line of business controlling the rate makeup of its segment. There is also a difference of opinion with respect to mercantile and manufacturing risks as to the extent to which such risks may be class-rated. The trick, Mr. Lydecker said, is to find a dividing line that will provide the benefits of a standardized class approach without the disadvantage of too rigid an application.

It is also questionable, according to Mr. Lydecker, whether the purchaser of commercial insurance is ready for package policies. It is too simple to say that the buying public is always ready for something that gives more and costs less. Small businessmen have been 'trained over the years to weigh their exposure to various individual perils and to buy only the bare necessities."

The package forms of insurance, on the other hand, depend for their acceptance upon two things—a mass market and proper use of the coverage by the insured. "These two things in turn depend upon an enlightened public which thinks of the commodity of insurance as an entity—like buying a suit instead of a pair of pants." The buyer must be re-educated to accept that concept and to be aware that any all risk contract is largely "one of good faith. It must be used not to cover operating or maintenance expenses but rather as a hedge against the unexpected, damaging loss. The ocean marine philosophy has always been based on this theory and it has been successful. Now we are banking on the acceptance of this principle by the public as a whole."

A warning that state regulation of the insurance business faces the most serious crisis in its history was voiced by Joseph P. Craugh, executive vice-president of Utica Mutual. He spoke at the luncheon concluding the three-day meeting.

The Federal Trade Commission's assumption of jurisdiction over advertising in the accident and health insurance field, Mr. Craugh declared, "presents the most crucial legal problem on the issue of regulation" since the SEUA decision. The insurance industry, he explained, is seeking to have recent FTC decisions in this area overruled by the federal courts on the grounds that they violate Public Law 15's "clear mandate" that the business insurance shall continue to be regulated by state law.

Another illustration of the tendency of federal agencies "to usurp powers traditionally reserved to the states," according to Mr. Craugh, was the recent publication by the Department of Labor of a so-called model workmen's compensation law. "Usurpation of this field," traditionally reserved to the states, "should not be countenanced," he maintained. Workmen's compensation also has become "a matter of serious concern" because of its ever increasing costs, Mr. Craugh said. "The liberality of our administrators and courts in construing our laws" contradicts the original purpose of the workmen's compensation laws, which was "to reimburse the workman, partially at least, for wages lost or impairment of earning capacity due to work-connected injuries or diseases," not to be a system of social insurance providing social benefits to all citizens of the state.

"If we accept the principle that compensation shall be payable for non-disabling physiologic losses in the field of workmen's compensation, then there is no logical stopping point," he warned. "Our whole system of workmen's compensation will then have become subverted to a new social insurance than replacement of lost wages." Workmen's compensation benefit levels in many jurisdictions are inade-

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One area in which government intervention may be necessary, according to Mr. Craugh, is that of insurance against the hazards of nuclear power. Recently formed stock company syndicates propose to make available capacity of about $50 million per reactor. But if these limits prove inadequate, he suggested, consideration should be given to a governmental indemnity program over and above the private insurance available.

Nuclear risks are not the only ones for which insurance buyers have difficulty in obtaining adequate limits of protection and liability, Mr. Craugh pointed out. "Our subservience to and dependence upon the London and foreign markets for reinsurance capacity is hardly a tribute to the enterprise and ingenuity of American insurance. We have financial resources that far exceed those of our foreign competitors. All that we lack is the will to pool at least a part of them so as to set up a reinsurance market that will adequately take care of all the needs of American industry."

One of the most powerful trends, according to Mr. Craugh, is that of company-connected group insurance. "The tendency toward a complete package for the employe—with check-off from his pay—will continue to grow. At least in large corporations it is not unlikely that—founded on the idea and tied in with a pension plan and a guaranteed wage plan—the employe can be given workmen's compensation, unemployment insurance, non-occupational disability, full hospital, surgical and major medical expense, and probably personal liability insurance. Fire coverage might be going too far, but group automobile insurance is already being studied." If this tendency does grow, he suggested, "the next step could be to make all these coverages follow the employe if he were separated from his job. Pension credits and the like being administered by an insurance company would be transferable from employer to employer, with the insurance companies setting up some sort of a clearing house operation to record these changes through a system of accounting entries."

Some Insurers Not Using FAP in W. Va.

Several insurers in West Virginia have indicated they do not intend to adopt the new family automobile policy, but will retain the 1955 national bureau form, which remains the minimum standard for auto coverage.

The West Virginia department reported that it has disapproved a number of filings for auto death and disability endorsements on the ground they do not meet the statutory requirements for A&S contracts.

Meanwhile, National Bureau of Casualty Underwriters and Mutual Insurance Rating Bureau have requested the department to amend rules of the state assigned risk plan to permit companies to file rates for assigned risks. Currently insurers must insure assigned risks at prevailing rates for regular insured plus a surcharge if applicable. If adopted, rates would be higher for assigned risks not presently subject to the surcharge.

Texas Local Boards Elect

The following Texas local boards recently elected new officers:

ABILENE—J. Grant Jones, president; Sid McKinney and Hal MacDavid, vice-presidents, and Raymond McCoy, secretary.

BEAUMONT—Jeff Munro, president; Leroy Fulbright, vice-president; Jim Lewellyn, secretary, and Miss Mary Stephen, executive secretary.

BRENHAM—Otto Schroeder, president; R. D. Barnes, vice-president, and Herman Zachappel, secretary.

CORPUS CHRISTI—James R. Dinn, president; Gordon Smith and Bert Agan, vice-presidents; Jack Powers, secretary; Morris Englehardt, treasurer, and D. Baxter, executive secretary.

Insurance Women of Little Rock (Ark.) played host to more than 150 guests at their annual "Bosses Night" party, which lampooned typical bosses, the state insurance department and Arkansas Inspection & Rating Bureau. The show was very successful and the insurance women have been invited to repeat the entertainmnt before the mid-year meeting of Arkansas Assn. of Insurance Agents, Dec. 3.

N. Y. Stock, Mutual Agents' Group Meets

The liaison committee of New York State Assn. of Insurance Agents and Mutual Agents Assn. of New York State has ended its first meeting in Syracuse and has decided to hold a similar meeting in the future. The committee was organized recently to form united policies on state matters in which both associations are in general agreement.

Members of the committee present at Syracuse were Craig Thorn of Hudson, Robert B. Douglass of Potsdam and George Helm of Freeport of the stock agents' assocation, and Gay Millbrandt of Pelham, Paul Garrick of Medina and John Parsons of Syracuse of the mutual agents' association.

Insurer Must Defend Injunctive Suits Since They May Result in Money Damages

The insurer in the comprehensive personal liability policy agrees to defend only such actions as allege "injury, sickness, disease or destruction and seeking damages on account thereof." However, the New York appeals court, the state's highest tribunal, has ruled that since even suits for injunctive relief may result in the award of money damages, Allstate was obliged to defend its insured. The case is that of Doyle vs Allstate, 8 CCH (Fire & Casualty) 1070.

In December of 1953 Ernest Markle and his wife instituted suit to enjoin Doyle from operating a kennel for dogs, alleging that the continual barking destroyed the peaceful and quiet enjoyment of the Markle property which adjoined that of Doyle.

The complaint, among other things, alleged that by reason of the nuisance maintained and operated by Doyle the value of the Markle property has been impaired and their health injured; and that the Markles had no adequate remedy at law and unless Doyle were restrained would suffer irreparable injury.

The Markles therefore demanded that Doyle be permanently enjoined from operating the kennel and that they get "such other and further relief as to the court may seem just and equitable besides the costs and disbursements of this action."

Doyle asked Allstate to defend, but the insurer refused. Doyle retained counsel, who successfully defended him. Doyle then sued Allstate to recover $600, $250 as legal fees and expenses in defending the Markle action and $350 in additional legal expenses and disbursements.

The lower court held for Allstate on the ground that (1) the insurer undertook to defend only actions where money damages were sought against insured and (2) that damages could not have been awarded in the Markle action. The appellate division upheld this view.

But the appeals court observed that if the plaintiff succeeds in proving that he is entitled to equitable relief, equity may grant damages in addition to or as an incident of some other special equitable relief. Or, where the granting of equitable relief appears to be impossible or impracticable, equity may award damages in lieu of the desired equitable remedy. A court of equity will adapt its relief to the exigencies of the case. It may order a sum of money to be paid to the plaintiff and give him a personal judgment therefor when that form of relief becomes necessary to prevent a failure of justice and when it is for any reason impracticable to grant the specific relief demanded.

The high court noted that it is clear that a money judgment could have been awarded in the Markle action if the Markles had established their right to equitable relief. Doyle would have been legally obligated to pay such damages. The policy does not draw any distinction between damages awarded by a court of law and those awarded by a court of equity. Allstate was obligated to defend "even if such suit is groundless, false or fraudulent." Allstate's refusal to defend breached its contract.

The high court remitted the action for determination of the amount of costs recoverable by Doyle.

Philip Korn appeared for Doyle and Francis X. Tucker for Allstate.

Kemper Companies Name Six Junior Executives

Kemper Companies have appointed six new junior executives. They are W. F. Hackmeister, W. A. Huggard, R. L. Moore, C. W. Niebur, J. F. Rithmiller, and T. M. West. Mr. Hackmeister and Mr. Niebur are accountants in the comptroller's department and Mr. Huggard is procedures department coordinator. Mr. Moore is director of the technical and engineering division in the safety engineering department, and Mr. Rithmiller is a safety engineer, Mr. West is a supervisor in the audit department.

EDITORIAL COMMENT

Costs' and Impetus of Agency Systems

(Based on talks before Ohio, New York and Connecticut Assns. of Insurance Agents by Kenneth O. Force, executive editor.)

The entry of fire and casualty companies into life insurance is expected to continue, and there also is likely to be further efforts by life companies to buy fire and casualty companies.

Fire and casualty companies are going into the life business partly to get money that is not subject to competition every year or three, and that is subject to loss once in 25 to 35 years. In the bargain these companies start out with a ready made agency staff and files full of prospective clients. They are asking local agents to produce life business—which some agents long have been doing with profit to themselves and their clients.

This development brings two systems of insurance distribution into comparison and contrast—that of the local, independent agent and the one-company agent system. Several of the large companies using exclusive agent distribution have life affiliates and adapted the life pattern of operation to fire and casualty. This comparison is being made on two principal counts, cost and production impetus.

One of the attractions of the local, independent agent is the fact that the companies that appoint him and with which he places business pay nothing to get him into business.

On the other hand, it costs so much to get a life agent into business that in highly competitive localities general agents and managers are swiping men from each other—to get a men demonstrably able to pay his way, to avoid the cost of putting him in business. On one estimate, if a producer can earn his own way, he is worth $10,000 at the outset. To put on a first class agent requires $5,000 of out-of-pocket expenses over a period of three years. At least $5,000 additional has to be added for supervision, training, office rental, telephone expense, and turnover.

Mortality is high. It requires 30 interviews of selected college graduates to hire one man as a life insurance agent. It takes 10 men hired to get one good producer. The mortality in the first year is 58% and by the end of five years it is 90%. That is the turnover today and it is almost exactly what it was 20 years ago.

But the local, independent agent pays his own way in.

The cost to an agency company in the fire and casualty business to take a college graduate, train him and get him to the point where he is, after 18 to 36 months, paying his own way as a field man, is $12,000 to $15,000. This represents only out-of-pocket expenses, much of it salary. Excluded are other considerable expenses such as employe benefits—group life insurance, hospitalization, and pension. One company estimates that it pays out for its employes one-seventh of its total salary for fringe benefits. Other items include recruiting, travel, medical attention, maintenance of an education department, the time of executives of all sizes who participate in his hiring, supervision, and training, and, after he gets into the field, traveling expenses and an automobile.

The local agent pays these costs himself out of commission, his one source of income. If it costs $15,000 to get into the business, that is the equivalent of 31% of $50,000 of premiums for 10 years. As to fringe benefits, assuming a salary of $7,500 a year, one-seventh would be about $1,100 a year, or more than 2% of $50,000 of premiums.

Probably a little should be added to the agent's earnings for the risk of being in business for himself. It is still a strongly held notion that the man who undergoes the greater risk, if it is not the sort taken at Las Vegas but an intelligent one that is in the service of the public, is entitled to a little larger reward than the man who takes no risk at all.

These three items, the cost of getting into the business, fringe benefits, and a slight remuneration for risk assumption are seldom specified in agency costs or in a company's expense of acquisition.

One attraction of having a commission that is higher on new business than it is on renewal is to cause the agent to sell new business.

In this respect local agents are sometimes delineated as having fallen well behind the procession in recent years. However, when 1955 fire and casualty premiums reached $11,225,000,000, the nearly $9 billion increase over 1940 came 78% from only two lines—automobile and A&S. They accounted for $7,259,000,000 of the $9 billion. More than half of that 78%, $3,666,000,000, was produced by automobile.

The local, independent agent didn't get much of the A&S, which went principally to the specialty A&S and life companies. But all the exclusive agency companies and automobile finance insurers whose business does not go through the agency system accounted for only approximately 33% of the increase in automobile. Companies of all kinds operating through the local, independent agent accounted for two-thirds of the increase.

The fact is that up to now there has been, in a sense, no contest. One agent did not lose business after a competitive struggle, his competitors did not win the business by taking it away from him. Most of the increase in auto business came from rate increases and enactment of tougher financial responsibility laws. Much of the A&S business came from the increased demand for disability protection and the greater ability of people to pay for it. The competition of the agency system has picked up the principal share of what they got by hiring salesmen to go out and ask for what no one else was really serious about getting.

But it is significant that this competition has been growing at an accelerating pace, and while so far it has been concentrated on the personal lines of great numerical incidence subject to quick sale and mass handling techniques, certainly these companies will expand into other areas and already are planning to do so.

At present the evidence does not point clearly to the possibility that the life type of commission or its cousin, the one-company agent kind of payment for production, so far have proved so much less expensive, or so much more effective than the agency system that the latter is apt to be replaced or radically modified, at least in the forseeable future.

However, if the multiple company agent's way of operating should ever lose out, the cause will not be so much cost as failure to produce. Another system will spread when it produces the business and the multiple-company agent doesn't.

For while the insurance business has ridden steadily upward for 16 years with inflation and with the increase in values of product and property, there has been no means a corresponding increase in the number of agents producing the total business acquired by the agency companies. Up to now good fortune and the general economy have done much to take care of the problems of insurers, and agents have been no less the beneficiary of favorable events.

The large increase in sales manpower in recent years has come from companies with exclusive agent contracts. To illustrate, in New York state in the last three years the number of one-company agents has increased more than 62%, that of local agents has increased less than 2%. The number of life agents countrywide has increased 50% in 10 years.

In the competitive battles ahead, the agents and companies who combine into the most effective merchandising team will end up with the business.

PERSONALS

Henry S. Beers, president of Aetna Life companies, has been elected a life trustee of Trinity college in Hartford. Mr. Beers was graduated from the college in 1918. He was salutatorian of his class and was elected to Phi Beta Kappa there.

J. Milburn Smith, president of Continental Casualty, has been elected vice-president of Dads' Assn. at De-Pauw university for 1956-57.

A. E. Gilbert, executive vice-president of American International Underwriters, will tour Uruguay, Brazil, Chile, Peru and Venezuela en route home from the hemispheric insurance conference this week in Buenos Aires.

G. F. Michelbacher, president of Great American Indemnity, and **Victor Gerdes,** secretary of Assn. of Casualty & Surety Companies, have been elected to the National Industrial Conference Board's governing body.

William A. Marbury, president of William A. Marbury & Co., general agents at Ruston, La., has been elected a member of Young Presidents of America. **Lawson Swearingen,** vice-president of the agency, has been elected president of Ruston Kiwanis club.

DEATHS

THEODORE SAFFORD, 63, executive vice-president of A. W. Shell & Co., Cincinnati general insurance agency, died after a long illness. He had been with the agency since 1924. He was past president of Cincinnati Assn. of Fire Underwriters and former trustee of Ohio Assn. of Insuranee Agents.

WILLIAM M. DOBSON, superintendent of casualty underwriting of Springfield F.&M. at New York, died of a heart attack in his home at Lynbrook, N. Y. He had been with the company since 1944.

HARRY J. VAN DYKE, 58, claims adjuster of Merchants Mutual Casualty died in Buffalo, N. Y. He had been with the company for 32 years.

CLARENCE T. MANWARING 74, former Los Angeles agent and broker, died. He worked with the San Francisco Board of Fire Underwriters at the time of the 1906 earthquake and fire and became an authority and consult-

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KANSAS CITY 6, MO.—950 Dierks Bldg., Tel. Baltimore 1-2244. William J. Gessing, Resident Manager.
MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.
NEW YORK 38, N. Y.—99 John Street, Room 2420, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.
NEWARK 2, N. J.—10 Commerce Ct., Tel. Market 3-7019. John F. McCormick, Resident Manager.

OMAHA 2, NEBR.—610 Keeline Bldg., Tel. Atlantic 3416. Fred L. White, Resident Manager.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. A. J. Wheeler, Pacific Coast Manager.

Lawyer Advises

Follow Both NAIC and FTC A&S Ad Rules To Be on Safest Path

Until the issue of state versus federal jurisdiction is settled definitely, the safest path for companies to follow is to make a sincere effort to comply with the A&S advertising rules set forth by both Federal Trade Commission and National Assn. of Insurance Commissioners.

That was the advice given by Donald S. MacNaughton, assistant general solicitor of Prudential, to 300 company representatives at the first individual insurance forum sponsored by Health Insurance Assn. of America at Dallas.

"To steer such a course carries no implication that we are sacrificing state regulation on the altar of expediency," Mr. MacNaughton delcared. "Rather, by complying with the FTC rules without admitting their jurisdiction to impose them, we perhaps serve the cause of state regulation. In so doing, we avoid the danger of turning out materials the federal jurisdictionalist can use in his struggle to usurp the power now reserved to the states."

Except for differences in language, he pointed out, both sets of rules are substantially the same, with one major exception and perhaps a second. FTC rule 2B requires inclusion of the policy surgical schedule in a detailed advertisement of a surgical benefits policy. This is a major departure, since the NAIC counterpart only requires the description of surgical benefits to enable readers to understand that the payments will vary, depending upon the nature of the person's operation. Mr. MacNaughton felt the FTC requirement is too strict and voiced the hope for its eventual amendment.

The other possible major difference is that the NAIC rules allow exclusions to be set forth under a separate caption, while section 5 of the FTC regulations does not provide for the use of captions. The FTC rule does not, however, require the exclusions to be directly adjacent to the benefit descriptions, but rather 'in sufficiently close conjunction with the same so as not to deceive.' Mr. MacNaughton felt the words 'sufficiently close conjunction' will permit companies, if they use proper discretion, in most cases to plan their advertising layouts in the same way they would under the NAIC rules.

Areas which should concern A&S advertisers most are renewability of advertised policies; exceptions, reductions or limitations mentioned in the advertisement; the NAIC rule requiring a statement in the advertisement that the ad is not a complete description of the policy and that the reader should study the contract or question his agent; and both the NAIC and FTC rules telling where the exclusions should appear in the advertisement.

Anyone who has contact with a company's advertising program, whether he is a copywriter, lawyer or

(CONTINUED ON PAGE 26)

Health Needs of Aged Due for Scrutiny by New Congress: Neal

Considerable attention will likely be devoted when the new Congress convenes next year to the health needs of the aged, said Robert R. Neal, general manager of Health Insurance Assn. of America, told the annual conference of LIAMA at Chicago.

Mr. Neal said the new Congress may also consider legislation dealing with health insurance for the chronically ill and with substandard health insurance risks. He pointed out that in the political campaign recently past neither major party committed itself to a compulsory national health insurance measure, but he said it was quite apparent that the health needs of the nation constitute a potent political question and there appears to be no great distinction between the outlook of the major parties.

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The needs of the aged will probably be the first health issue to be considered, he said, "and in my estimation we should anticipate considerable attention being devoted to this topic."

Regarding health reinsurance legislation and proposals for pooling risks and experience of health insurers, Mr. Neal predicted that two bills previously sponsored by the Department of Health, Education & Welfare to stimulate development of A&S coverage on an experimental basis will again be introduced. He pointed out that President Eisenhower's platform contained both proposals.

"The first of these was the administration's reinsurance bill, sometimes commonly referred to as the 'Hobby bill', a measure which would have the federal government act as a reinsurer for experimental coverages," Mr. Neal said.

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"A second bill would authorize companies which pay less than 1% of the total accident and health benefits paid in the previous year to organize voluntary pools for the purpose of experimenting with new or additional coverages and be relieved from the operation of the anti-trust laws while thus acting in concert."

Mr. Neal also discussed developments during 1956 which resulted in the amendments to the social security act; the program for providing hospital and medical care for the dependents of servicemen, called "medicare"; developments in the proposed medical program for federal employes, and the current status of the A&S insurance advertising investigation conducted by the FTC and the ensuing litigation.

As to developments in the social security area, Mr. Neal said that historically, amendments to the social security act have come in election years, and while it presently seems unlikely that further amendments will be offered next year, it would appear almost certain that there eventually would be efforts to remove the present age limit of 50 at which workers may now retire for total and permanent disability.

FIELD

Aetna Fire Makes Six Changes in South

Aetna Fire has made six field promotions in its southern department, effective next month.

A. J. Bolles has been promoted from state agent to manager in Louisiana at New Orleans. George T. Kinniry, casualty manager at Buffalo, has been assigned assistant manager at New Orleans, and Isaac L. Newell has been appointed casualty underwriter there.

Allen O. Sellers has been advanced from special agent in Arkansas to state agent in West Virginia at Charleston. Emmett O'Brien Jr., casualty specialist in Georgia and Alabama, has been advanced to special agent in Virginia. He will be succeeded in Georgia by L. Wade Ricks, senior underwriter at Atlanta.

Mr. Bolles started with the company in 1923 and has worked in Louisiana and Mississippi since 1927. Mr. Kinniry joined the company in 1949 as a special agent and later transferred to Buffalo. Mr. Newell has been with the group since 1941, Mr. O'Brien since 1954, and Mr. Ricks since 1955.

Osceola Wins Missouri Fire Prevention Award

Missouri Fire Prevention Assn. recently presented an award to the Volunteer Fire Dept. of Osceola, Mo. for its outstanding fire prevention activities. The award is presented to one organization by the association each year.

Louis Hollenbaek, special agent for Aetna Fire and vice-president of Missouri Fire Prevention Assn., presented the award to the fire department. It was accepted by W. H. Knight, senior member of the Osceola fire board. Mr. Hollenbaek was introduced by Glen F. Toalson, local agent at Osceola and fire prevention chairman for the town.

Hartford A.&I. Assigns Murphy to Ill. Field

Hartford Accident has assigned Lawrence A. Murphy special agent in northwest Illinois at Sterling to succeed E. J. Dolan, newly appointed manager at Grand Rapids. Mr. Murphy joined the company in 1948 as a property damage adjuster at Chicago, later becoming a property damage claim supervisor and personal injury adjuster there.

Great American Names Heyboer in Michigan

Great American has appointed John A. Heyboer special agent in Michigan, with headquarters at Grand Rapids. He has had engineering and field experience.

Tiedemann GA of Sun in Me., N. H., and Vt.

Sun group has appointed Charles H. Tiedemann managing general agent for all lines in Maine, New Hampshire and Vermont. Mr. Tiedemann's offices are at 42 Exchange street, Portland.

Brundage to Indiana, Crane to Iowa, for N. Y. Underwriters

New York Underwriters has appointed Dudley Brundage state agent in southern Indiana. Formerly state agent in Iowa, he will be succeeded there by Michael A. Crane.

After completing the company's training course, Mr. Brundage was assigned to Chicago, then to Kansas for two years as special agent and later to Iowa. His headquarters will be at 241 North Pennsylvania street, Indianapolis.

Mr. Crane entered the company as a trainee in the home office after army service. He went to the Chicago service office, and later became special agent in southern Illinois.

A & S

Sales Expert to Write Clinic for A&H Magazine

John Palmer, vice-president, Robert Palmer Corp. has joined the staff of the International A&H Underwriters Assn. *Accident and Health Underwriter* magazine as sales editor on a consulting basis.

He will conduct a monthly sales clinic in the magazine, answering specific sales questions and commenting on sales trends and motivation. His company of Chicago and Santa Barbara, Cal. specializes in marketing sales programs that deal with inspirational and mental attitudes. Mr. Palmer himself was instrumental in developing one of the first actual statistical evaluations of how effective a sales program can be with the salesman himself.

His work with the magazine will be aimed at helping the agent improve himself, as has been found by Palmer Corp. to be the most effective way to increase sales.

Fireman's Fund Promotes Azevedo in Group A&S

Donald Azevedo has been named assistant manager of the group accident and health department for the Pacific department of Fireman's Fund group. He will assist Manager Robert F. Benjamin in underwriting and producing A&S group plans.

Mr. Azevedo joined Fireman's Fund in 1949 as an agent trainee in the group department. After military service, he returned to the San Francisco office in 1953 as senior group representative.

Chicago A&H Assn. to Hear Advertising, Sales Ideas

Richard McConnell of Vaughan, Thain & Spencer Inc. advertising agency, will speak at Chicago A&H Assn. luncheon, Nov. 27, at the Union League Club. Mr. McConnell will address the association on sales promotion and advertising ideas from both the company and the agency standpoint. His background includes staff work for American Medical Assn. and Allstate.

Chicago A&S Underwriters Hold Case Clinic

Chicago A&S Underwriters Forum, at the November meeting, held a case clinic with Edward Ryan, Municipal, as moderator. He was assisted by Jack Robinson, Prudential. There was lively discussion around a number of problem cases which has been submitted by the members. The organization, which meets monthly at the Old Heidelberg restaurant, also made plans for the December meeting which will include a Christmas party for members and guests.

BBB Publishes New A&S Article

Better Business Bureau of Dallas in cooperation with Health Insurance Institute has written an article on A&S in the Assn. of Better Business Bureaus' publication, *Safeguard*. The article defines the various accident covers, including loss of income, hospital, surgical, general medical and major medical, and lists several points buyers should keep in mind. Copies of the article are available from the Better Business Bureau of Dallas at 2202 Bryan street, Dallas 1, Tex.

Must Keep Voluntary Health Programs: Foster

Preservation of the existing voluntary health insurance programs is essential if compulsory insurance is to be avoided, Dr. F. Fernald Foster, secretary of Michigan State Medical Society and president of Michigan Medical Service (Blue Shield), told the Owosso Kiwanis club.

Dr. Foster said the Michigan Blue Cross-Blue Shield plan, which now has some 3,500,000 members, enlisted support of 90% of the doctors when the medical service organization, was formed in 1940. He said the present "voluntary health insurance" is within reach of "practically everybody" despite rate increases over the years due, in part, to deliberate abuses, chiefly by the public.

Four Hurt on Coffee Break Receive WC

Rhode Island's workmen's compensation commission has decided that a person injured during a coffee break is entitled to WC benefits.

Donald A. Kingsley of the state WC commission has awarded compensation to four employes of New England Transportation Co. of Providence, who were injured returning from their coffee break when their company-owned tractor was involved in a collision.

Actually the complicating issue in the case was not the coffee break, but whether the men used the company-owned vehicle without permission.

Mr. Kingsley found that, although no one gave them specific permission to use the tractor, no one specifically denied them its use, and since it had been common practice for some period of time, Mr. Kingsley said that it was inconceivable that the company did not know what was going on. He ruled therefore that the vehicle had been used with the company's knowledge and implied consent. The four men were awarded total and partial compensation for varying periods from Nov. 30, 1953 to Feb. 1, 1955.

30 Insurance Teachers Join in Summer Program

A total of 30 fellows of American Assn. of University Teachers of Insurance worked in various insurance companies across the country as part of the association's summer fellowship program.

The fellows, all university insurance professors or instructors, have the opportunity through the program to gain first hand knowledge on the various facets of the insurance business which are of special interest to them.

The current governing committee of the association is composed of William O. Cummings of LIAMA, George D. Haskell of American Mutual Alliance, Professor Dan M. McGill of the Huebner foundation of Pennsylvania university, Harold Philips of Assn. of Casualty & Surety Companies, Robert P. Stieglitz of New York Life, F. W. Westervelt of National Board and James R. Williams of Health Insurance Institute.

Wisconsin Rapids Agents Elect

Wisconsin Rapids (Wis.) Assn. of Insurance Agents elected Ray Burchell president, E. I. Burbey vice-president and John T. Siewert secretary-treasurer.

Delaware—Maryland—District of Columbia Insurance Field Club will meet Nov. 30 at the Marling house, Baltimore, to consider an increase in membership dues.

Ultimate Goal of A&S Is Universal Coverage, Fairly Priced: Scoins

The ultimate goal of A&S, like life, should be universal coverage or as close to it as possible, fairly priced in relation to the degree of risk, according to Dr. William H. Scoins.

Dr. Scoins is chief medical director of Lincoln National Life, a member of the A&S committee of Assn. of Life Insurance Medical Directors of America and chairman of the medical relations committee of Health Insurance Council. Some of his thoughts on A&S were set forth in his paper, "Substandard Accident and Sickness Insurance—Why Not?", presented by the U.S. delegation to the 8-day hemispheric insurance conference at Buenos Aires.

Dr. Scoins suggested that current underwriting methods may be too rigid, wholly or partially eliminating from coverage a significant number of people who, by their medical histories or examination findings, are not standard risks. Although exclusion riders, waiting periods and plan variations have helped people meet the costs of medical and surgical care and the loss of income due to disabling accident or illness, they still limit progress toward more universal coverage.

Dr. Scoins felt that most impairments might be underwritten on an extra premium basis alone, or combined with an appropriate exclusion rider. The biggest problem would be to establish a method of determining how much extra premium should be charged. Another problem would be selection of techniques to express the relative value of any impairment class. This concerns not only the broad principle that some diseases lend themselves well to the extra premium approach, but also the likelihood of relative costs for medical, surgical and hospital care.

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Dr. Scoins wondered what basis would be used to determine the extra premium for a particular impairment or group of impairments. The moral hazard, which would be more important and more difficult to evaluate in A&S than in life, defies any attempt to reduce it to debits of a numerical rating system. A&S has demonstrated its vulnerability in the presence of personal or widespread economic loss or failure. These considerations and others must be considered when contemplating substandard A&S.

The cost increment in any extra debit will vary widely with different impairments, he said. The characteristics of an impairment which influence the probable nature, degree and duration of anticipated disability must also suggest the probably method of treatment, the likelihood of surgical interference, of hospitalization, institutional or domiciliary care. At least, an estimate of relative costs can be determined by these probabilities.

Personal accident insurance, still in a stage requiring much selling, is overlooked by many agents because it does require sales effort, compared to the well known older forms which are often "bought" rather than "sold," said R. Maynard Toelle, secretary of A. F. I. A., in a paper entitled, "Why Buy Accident Insurance?"

Since every potential client has a slight problem, the seller of personal accident insurance must try to understand the motivating factors in the prospect's mind before recommending a coverage.

Cal. Physicians Hold Series of Meetings on Malpractice Problems

California physicians and surgeons are holding a series of discussion meetings to consider the problem of increased frequency and high awards in malpractice suits and the increase in malpractice liability rates.

More than 150 northern California doctors attended the first meeting of the series at San Francisco. The frank discussion of the problem was in sharp contrast to the previous lack of publicity in the matter.

Dr. Joseph Sadusk Jr. of Oakland said the principal objective of the meetings is to develop an educational campaign to convince the public that malpractice law suits are not in the best interest of the patient.

The discussions considered the scope and growing seriousness of the problem in California, how physicians can prevent malpractice in their daily dealings with patients, how they can overcome dissatisfaction that may prompt patients to file suits and how filing of claims can be prevented in the doctor's office.

Dr. Sadusk said "the situation has now become critical" and referred to three suits during the past 15 months that resulted in awards totaling $600,000.

Seek 11% EC Rise, Deductible in N. C.

Commissioner Gold of North Carolina has taken under advisement the filing of North Carolina Fire Insurance Rating Bureau to increase extended coverage rates and to use an optional $50 deductible, following a hearing.

W. S. Bizzell, manager of the bureau, told Mr. Gold the deductible is necessary to help eliminate small, maintenance type losses and achieve a more favorable loss ratio.

The bureau asked for rate increases amounting to only $788,000 and averaging 11.9%, though Mr. Bizzell said 10-year loss experience including the hurricane years of 1954 and 1955 showed a 152.92% loss ratio, which indicated rate increases of $13,604,000. The bureau asked that antenna coverage be removed from EC and written at a separate rate, and that the present inland rating territory be subdivided into the central and western areas. The western area would get no rate increase.

Associations of stock and mutual agents told Mr. Gold they support the filing strongly. The sole objection came from Mark Lassiter of Snow Hill, an agent, who complained that the cost of buying back the deductible would be excessive for farmers whose property included a number of tobacco barns. It is a fact, Mr. Lassiter said, that EC would be valueless on tobacco barns without the first $50 coveraged because "you'll never have $50 worth of damage to a tobacco barn unless a hurricane comes along."

The buy-back would be $7.50 on the coast, $5 in the central counties and $4 in the western counties. The same schedule would apply to antenna rates proposed for the three rate areas.

Revise Two Agents' Guides

Rough Notes Co. of Indianapolis has published the third edition of *Agent's Guide* and a revised reprint of *Agent's Bonding Guide,* both by Harold F. Gee, second vice-president of Loyalty group.

The principal additions to the automobile guide are chapters on the new family automobile policy and the new automobile death and disability endorsement. Revisions of the bonding guide were confined principally to the chapters on fidelity insurance and the comprehensive 3-D policy.

Single copies are $2, available from the Rough Notes Co., Indianapolis 6, Ind.

FTC Denies Dismissal Motions by Mutual of N. Y., Mass. Bonding

Federal Trade Commission has denied motions by Mutual of New York and Massachusetts Bonding for suspension of deceptive A&S advertising charges against them.

The companies argued for suspension of the complaints on the grounds that they had suscribed to FTC's new trade practice rules and were complying with the rules in their advertising.

FTC turned down the motion on grounds that the companies continued throughout the proceedings to challenge FTC's jurisdiction under public law 15, and that they maintained categorically that the advertising in question was not false and misleading. FTC said the companies were in the position of agreeing to comply with trade practice rules which they believe are without force and of refraining from using advertising representations which they believe they have a legal right to make.

Both cases were referred to Examiner Laughlin for hearings. The commission's vote in both cases was 4-0, with Commissioner Tait, recently appointed, not participating.

To Represent AFIA at Buenos Aires

Clinton L. Allen, president of Aetna Fire and a trustee of American Foreign Insurance Assn., and James O. Nichols, president of AFIA, will attend the 6th Hemispheric Insurance Conference in Buenos Aires Nov. 19-26. Cornelius S. Tucker, superintendent at AFIA's New York head office and a former representative of AFIA in South America, will also attend the conference.

Messrs. Allen and Nichols will submit AFIA papers in Spanish, Portuguese and English on workmen's compensation, personal accident and automobile insurance.

Enroute to Buenos Aires, where AFIA has been operating since 1919, visits will be made to AFIA branch offices in Caracas, Rio de Janeiro and Sao Paulo.

Oppose Tex. WC Change

The casualty and surety committee of Texas Assn. of Insurance Agents has issued a bulletin to all members expressing opposition to changes in workmen's compensation rules which would deny employers the right to change insurers.

L. A. Toastmasters Install Officers

Fire Underwriters Toastmasters Club of Los Angeles celebrated its first six months at the October meeting and installed these new officers: President, Carl Melikian, Northern of London; educational vice-president, Joseph S. Kellogg, Corroon & Reynolds; administrative vice-president, Rodney L. Roche, Home; secretary-treasurer, Preston A. Evans, America Fore; sergeant-at-arms, John Keeler, Home, and public relations officer, John L. Brechler, Home.

Ohio Hearing on Rates and Rules

Superintendent Pryatel of Ohio has scheduled a public hearing for Nov. 21 on the proposed revision of rates and rules filed by Central Hospital Service Assn. of Columbus.

Tells Local Boards How to Handle Public Business

Specific directions for the handling of public business by local boards has been obtained from legal counsel of Michigan Assn. of Insurance Agents following a recent Michigan attorney general's opinion holding it to be a statutory violation for a local association, as such, to place public business because of the association's lack of proper authorization to act as an agent.

Laurence D. Smith of Schmidt, Smith, Howlett & Halliday, Grand Rapids, outlined the acceptable method of handling such association projects in a letter to Waldo O. Hildebrand, Michigan association secretary-manager.

Mr. Smith concedes the validity of the attorney general's opinion where an agent of record is not designated.

"By general custom," he wrote, "... local associations have, for many years appointed one or more agents of record who solicit, service and in all other respects arrange the placement of public insurance coverage. Any insurance sold to a public body is not 'negotiated or completed' by the association, as suggested in the attorney general's opinion, but instead is completely handled by the agent of record who, in every case, is a duly authorized and licensed resident agent of the state of Michigan.

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"It is my understanding that this system began, and has continued, because it provides a means of giving a public body better insurance protection and better insurance service than was possible when individual agents were striving to obtain public business by pulling political strings, by omitting some coverage to enable a quotation of lower rates, or by equally questionable means.

"Under the present system competition still exists and any agent, whether or not a member of a local association, may bid individually on public business. Certainly the present system would not have prevailed for the last 30 years in hundreds of communities having local associations if it did not serve the public bodies better than was possible under the previous chaotic conditions.

"After the agent of record has completed the insurance transaction, it is my opinion that such commission monies as he may receive constitute his lawful remuneration for the services he has performed. This is his personal income and may be used by him for such lawful purposes as he desires, excepting, of course, rebating to insured which is specifically prohibited by statute. He has earned the money and whether he pays his chamber of commerce dues, contributes to the community chest, or makes a payment to his local trade group is of no concern to the state or anyone else."

Mr. Smith recommended the following specific steps. The association membership should select one or more agents of record and the minutes of the association should reflect the action taken; All negotiations, policy-writing, invoicing and, in fact, every detail of each insurance transaction with a public body must be conducted by and in the name of the agent of record; Any agreements between the agent of record and the local association as to payments to be made by him to the association should be reflected in the association's minutes to avoid any claim of favoritism or discrimination with the association."

Seide Sees Small Truck Theft Losses Rising

The small pickup or delivery truck and the salesman's car are currently the prime targets of cargo thieves, Jack Seide, president of Babaco Alarms Systems, declared in a talk before Mariners Club of Massachusetts in Boston.

He said that recent inland marine loss figures point toward dangerous year-end loss totals. Although large over-the-road trucks and trailers are still prone to cargo thefts and hi-jacking, Mr. Seide said vehicles operating in and around cities and towns have now become the most susceptible targets. Traffic and parking problems increase the danger of cargo theft, he continued, because often loaded trucks and cars cannot be garaged and are left relatively unprotected in the streets overnight, inviting thieves and burglars.

The only sensible and effective theft deterrent for this type of hazard, Mr. Seide said, is an insurance approved burglar alarm system.

Follow NAIC and FTC A&S Ad Rules To Be on Safe Path

(CONTINUED FROM PAGE 23)

reviewer of advertisements, should become thoroughly familiar with the NAIC interpretive guide in order to avoid infractions of the existing A&S advertising standards, Mr. MacNaughton said.

A&S advertisers must meet these standards: Those set forth by NAIC, FTC, state laws and other miscellaneous rules, those created by people's desire to buy through the advertising medium and which guide the promotion writers; those established by professional advertising and sales promotion people; those of competition, and those of precedent.

Advertising must be truthful and not misleading by implication, statistics must be accurate, and care must be used in carrying testimonials, Mr. MacNaughton said. Circumspection is paramount when an advertisement attempts to compare the products of different companies.

The insurance business must exercise good judgment in creating its advertising and must demonstrate flexibility in adopting methods and techniques suitable to the changing times, or it will invite losses through competition and government regulation by non-compliance with A&S standards.

No rules, no interpretations and no speeches can be a substitute for good judgment, he asserted. It is impossible in the dynamic and somewhat ethereal field of advertising to lay down hard and fast rules. The key to success in the creation and approval of acceptable advertising is the exercise of sound judgment by the copywriter and the reviewer.

Urge Continental Casualty, National Fire Stock Switch

(CONTINUED FROM PAGE 1)

vance of the issuance of a prospectus covering an offer as originally proposed.

Mr. Tuchbreiter in his letter pointed out that Mr. Gengras, primarily a Hartford automobile dealer, is president of Fire & Casualty of Connecticut, which, according to insurance reports, wrote net pemiums of $1,191,000 in 1955 and in the five yeas ended Dec. 31, 1955, sustained underwriting losses of $1,236,000.

"In view of the foregoing," the letter to National Fire stockholders continued, "do you believe that Mr. Gengras is the soundest available judge of how best to chart the future course of your company?

"With the definite rapid trend toward multiple line operation, can Mr. Gengras really believe that it would be best for you as a stockholder to have National Fire 'go it alone' under his six point program?"

Mr. Gengras talks of higher dividends. But, with National Fire earnings as they are, how long does he think it sound financial policy to pay dividends at even the present $3.00 rate? (For 1955 the earnings on the statutory basis were $2.73 per share; for the first eight months of 1956 the company lost $10.21 per share.)

"On the other hand compare the 1956 Casualty dividend rate which is equal to $3.23 for each one and one-quarter shares (the number of Casualty shares offered in exchange for each share of National Fire) with Casualty's statutory net income of $5.03 per share for the first nine months of 1956.

"If Continental's offer of exchange were not to become effective what does Mr. Gengras think National Fire stock would sell for in the open market in the light of the company's current operating losses"?

DEATHS

(CONTINUED FROM PAGE 22)

ant for the insurance industry on seismology and earthquake insurance. Mr. Manwaring was a partner in the brokerage company of Callender-Manwaring Co. from 1912 until 1949 and at the time of death was with Fred S. James & Co., Los Angeles.

WILLIAM D. TEUBNER, 56, who had been associated with his son, Richard D. Teubner, in the Teubner & Co. general insurance agency at Tulsa since 1953, died in a Tulsa hospital after a short illness.

W. STANLEY WOODRUFF, 75, who retired last year after 50 years with American Home and its predecessor, Globe & Rutgers, died. He formerly was office manager of the Insurer. He lived in Elizabeth, N. J.

AUSTIN STARK, 67, a partner with his brother, G. A. Stark, in the Stark Brothers insurance agency at Oklahoma City, died in his office of a heart attack.

THEODORE A. MILLER, 52, manager of the claims division of Maryland Casualty at Houston, died.

WILLIAM G. KOPECKY, superintendent of the St. Joseph office of Missouri inspection bureau, died.

JOHN A. TOWERS, 62, president of Towers, Perrin, Forster & Crosby of Philadelphia, reinsurance and employe benefit plan consultants, died at University hospital there. He started in the business with O'Brien, Hobart & Perrin agency at Kansas City. It became Towers, Perrin & Co. In 1923 and moved to Philadelphia in 1924 where he assumed the management of the reinsurance department of Brown, Crosby & Co. The present firm was organized in 1934 with Mr. Towers as executive vice-president. He was elected president in 1949.

FRANK G. DOLLIS SR., 71, a partner in Gill & Smith general insurance agency from 1929 until he retired in 1952, died in Denver.

TIMOTHY E. SULLIVAN, 60, executive vice-president of Farmers Elevator Mutual Casualty of Des Moines, died of a heart ailment at Mercy hospital, Des Moines.

MRS. MARY NELSON, 72, died at her home in Park Ridge. She was the wife of Axel J. Nelson, who retired in 1952 after 55 years as an underwriter of Hanover Fire, and the mother of Robert A. Nelson, assistant manager of National Automobile Underwriters Assn. at New York.

ARTHUR G. STANTEN, 71, who recently retired as superintendent of the fidelity and surety division of Phoenix Indemnity, died at United hospital in Port Chester, N. Y.

WARREN I. KEITH, 60, local agent at Manchester, Conn., died at Manchester Memorial hospital after a long illness. He was president of the G. E. Keith Furniture Co. there before entering insurance in 1938.

THOMAS J. FORSYTHE, 47, claims manager of Aetna Fire at Utica, N.Y., died there after a sudden illness.

CDP and HO Likely To Continue Long Time

(CONTINUED FROM PAGE 1)

in effect from the beginning, and where agents tend not to go for all risk quite as much as elsewhere. It also has made real headway in some parts of the south, notably North Carolina. Homeowners has been successful in Pennsylvania, in some of the New England states, and in other areas. Incidentally, CDP is just going into Texas. CDP is entered in 44 states and HO in 42, which puts them about even in that respect.

In North Carolina, which the two entered at the same time, the 18,000 and 19,000 policies now on the books are divided about evenly between the two forms. Homeowners got off to a fast start, but CDP came on strongly and has caught up. HO and CDP policies are audited in North Carolina. Homeowners audited in four states and CDP in all states.

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With time, the two forms have tended to come together to a degree. Its last revision gave HO greater flexibility, e.g., it permitted additions of personal property amounts and the writing of office occupancies. CDP basically has more flexibility. For example, CDP covers four family dwellings, homeowners two, and CDP has covered office occupancy right along. On the other hand, CDP now groups certain of its premiums, for example, fire, extended coverage and additional extended coverage, bringing it closer to HO in respect to premium charging.

The two forms, it is now clear, have proved their value. They have stimulated sales. They have produced a good deal of theft business that companies did not have before, they have created some comprehensive personal liability business, and there is more contents coverage on the books than before they were introduced. Before the advent of the two forms, theft was the coverage least widely held, CPL next, and contents third.

Thus, it seems unlikely, even with a merger of the two organizations, that either of two forms, having proved to have so much merit, will be done away with at any time in the near future. It is much more likely, in fact a certainty, that each will be allowed to continue to demonstrate its merits for a long time.

The merger of Empiro and Interbureau that is predicted will not surprise the insurance community. It has been suggested for a long time. The combination appears to be a bringing together of all multiple peril operations of agency companies under one roof. The pattern of operation, advisory as opposed to rating, that has been indicated, is that of Interbureau. (Empiro is a rating organization.) If that is the case, the rating bureaus, fire, casualty and inland marine, likely would be used as Interbureau has used them, a pattern that has been in operation long enough to iron out some of the kinks.

Kentucky Agents Meet at Louisville, Elect Montgomery

LOUISVILLE—Kentucky Assn. of Insurance Agents at its annual convention here elected J. R. Montgomery, Springfield, Ky., president, succeeding Robert A. Lawton, Central City. Louie W. King, Olive Hill, and Charles Chrisman, Pikeville, vice-presidents; and Walter R. McCord, Louisville, secretary-treasurer. Mr. Chrisman is the son of Norman A. Chrisman who was president of the Kentucky association in 1944, later very active in the National association, and state director to the National from Kentucky.

Some good sales talks and highway safety pretty well captured discussion interest during a good portion of the meeting. William H. Gove, St. Paul, vice-president and sales director of E. M. C. Recordings Co., told the agents to provide the insured with as much coverage as needed, but warned them to stay away from loading, or burdening the buyer merely to increase premium.

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An afternoon session was largely taken up with a general forum ,with the new president, Mr. Mongtomgery, as moderator. Others on the panel included Charles M. Blackburn, Frankfort, state motor transportation commissioner; George Willis, general counsel for the Kentucky department of motor transportation; Don S. Sturgill, acting commissioner, Kentucky department of public safety, and Jack Mussellman of Kentucky Automobile Assigned Risk Plan.

This forum discussed planned improvement in highway transportation, proposed sounder automobile licensing law, stopping and ordering questionable cars in for inspection, a planned demerit system for bad drivers, and other efforts that Kentucky is undertaking to make state highways safer.

Mr. Blackburn, Mr. Sturgill and Mr. Willis also appeared before Kentucky Automobile Dealers Assn., also meeting in Louisville, and discussed the same general topics. Commissioner Thurman was among trose who were on the auto dealers program.

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The resolutions committee presented for adoption 13 resolutions, most of them complimentary in nature. Resolutions, significant to the business, that were adopted was one urging the companies to make available in Kentucky the uninsured motorist endorsement as an opposition move to the threat of compulsory insurance. Another resolution asked the automobile manufacturers to limit the potential speed of their cars to a reasonable limit in hopes that it may lessen the number of serious and fatal accidents on the public highways. The meeting also condemned the practice of those money lending agencies which coerce borrowers in placing treir insurance. Kentucky agents also registered objection to the practice of sme large companies and general agencies of appointing as their agents persons known to be representing companies that are semi-direct writers.

Abstainers National Organized in Oklahoma

Abstainers National Insurance Co., 714 West Grand street, Oklahoma City, has been organized with $100,000 capital. It plans to write automobile on non-drinkers on a nationwide basis.

Principal organizers are Rev. Sam Morris of San Antonio and Tom Foster of Oklahoma City. Mr. Morris, minister and temperance leader, recently left after 10 years as president of Preferred Risk Mutual of Des Moines, which also writes automobile on non-drinkers.

Mr. Morris is president of the new company; Mr. Foster, vice-president and executive manager; Ray Henderson, secretary, and Sam Morris Jr., treasurer.

Fuller Urges Wider Use of Arbitration in Policy Disputes

Edward M. Fuller, secretary of Greenwood Mills, urged greater use of arbitration between insurers and policyholders to resolve and determine policy controversies, in a talk before the Brooklyn law school insurance forum.

Mr. Fuller, former attorney of General Accident, admitted that this would require state insurance department cooperation and new legislation in some states, but pointed out that in states like New York, which recognize contracts to arbitrate future disputes, it would be a logical improvement. Arbitration treats cases speedier, more delicately and more tactfully than courts, and there are thousands of qualified men in and out of the insurance business who could sit as arbitrators and dispose of differences quietly and privately, Mr. Fuller said.

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He also suggested amending the appraisal clause of the standard fire policy to provide for arbitration as well as appraisal or for appraisers to act as arbitrators under the arbitration acts applicable. The policyholder and the company could be better served because the award of the appraisor would be final and binding and both parties would have the advantage of protection under the arbitration statutes, he asserted.

Mr. Fuller pointed to the acceptance of arbitration by the textile and the food industries and said that in employer-manager disputes it has already eliminated practically all litigation from the courts in those fields. Even some governmental agencies provide for arbitration under federal law.

However, Mr. Fuller continued, the success of any arbitration innovation depends on the education of the bar and public and on the cooperation of the bar in advising clients to consent to arbitration. He emphasized that the place of the lawyer in arbitration is established and protected by state law, and said that without cooperation of the bar, arbitration could not have reached the vast proportions that it has. He said the bar should be continually reminded of the advantages of arbitration to the lawyer and his client. He is not at a disadvantage there.

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Mr. Fuller said that if arbitrators make mistakes on facts or law, the aggrieved party can move in the courts to vacate the award. Then too the average arbitrator is drawn from a field of interest from which the case arises and is perhaps better qualified to make a sound and final decision on the issues than even a blue ribbon jury or a judge who must be first educated in the customs and practices of the industry involved, Mr. Fuller added.

Attacking attorneys' distrust of admissible hearsay evidence at arbitration hearings, Mr. Fuller said that hearsay evidence at arbitration hearings, Mr. Fuller said that heresay is received by intellegent arbitrators only for what it is worth and is weighed accordingly.

European Group Holds Annual Parley

Comité Européen des Assurances, composed of 15 European insurance organizations for exchanging information, standardization of insurance terms, etc., held its annual meeting in Amsterdam. About 50 attended. H. T. Asser, general manager of Nederlandsche Lloyd of Holland was elected president to succeed Prof. E. Artom of Italy.

Among topics discussed were risks resulting from the peaceful use of atomic energy, and third party motor car insurance. Compulsory insurance is about to be introduced in all the member countries of the comite, the basis of liability in those countries is not uniform and therefore there is a possibility that insured, foreign to the country where he meets with an accident will be made liable for claims not covered by his policy. It is felt therefore that some kind of standardization of policy terms is needed.

North America Names Wentworth Assistant Vice-President

North America has promoted Clayton B. Wentworth from financial secretary to assistant vice-president.

He started with the company in 1945 in the investment department. He was elected assistant secretary in 1952 and financial secretary in 1954. Prior to joining the company he was in the investment department of New England Mutual Life.

Homestead, Security Mutual Fire Merge

Homestead Mutual of Appleton has merged with Security Mutual Fire of Darlington. Security's 733 policyholders will have their insurance transferred to Homestead.

As a result of the merger, Homestead Mutual will add farm fire and lightning insurance to the coverages it now writes, Previously it offered only farm, windstorm and supplemental coverages. Homestead has been in operation since 1950 and prior to that its farm coverages were written in the parent Home Mutual, founded in 1900.

The merger gives Homestead assets of $730,000; liabilities of $183,000; surplus of $547,000 and insurance-in-force of $295,000,000.

Smith Retires, Cooper Named to Indianapolis Claim Post for General Accident

Fred S. Smith, claim manager of the Indiana office of General Accident since it was established in 1940, has retired. He has been with the company for more than 35 years.

Frank D. Cooper has been appointed to succeed Mr. Smith. He has spent his insurance career with General Accident, beginning at Indianapolis in 1947, later serving at Evansville, Denver, and Los Angeles. He has been assistant to Mr. Smith at Indianapolis for the past year.

Earl H. Gahan has been named assistant claims manager. He also has been with the company for a number of years.

A news item reporting the death of **C. H. Hardin Smith** of Colorado was incorrect in stating that Mr. Smith retired in 1955 as Colorado state agent for Commercial Union-Ocean Group. Mr. Smith retired from this company in 1934 and for the past 20 years had been with other companies in the Mountain States area.

Caverly Marks 25th Anniversary with America Fore Group

Raymond N. Caverly, vice-president of American Fore, marked his 25th anniversary with the group at a testimonial dinner in New York. He was officially inducted into the Old Guard, the group's 25-year service organization.

R. N. Caverly

Mr. Caverly started in insurance in 1913 with Globe Indemnity as claims manager at Minneapolis and later transferred to Chicago in the same capacity. He became claims manager at the home office in 1920 and was named company counsel in 1924.

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He joined America Fore in 1931 as a vice-president of Fidelity & Casualty in charge of country-wide claims. He became vice-president of the entire group in 1948 in charge of combined claims activities and took on enlarged dgeneral administrative uties last year. He is a director and vice-president of Insurance Society of New York.

Commercial, Garage Rates Increased

National Bureau of Casualty Underwriters has revised automobile liability rates for commercial cars and for division 1 garage risks in Florida, Kansas and Mississippi, effective Nov. 14.

The commercial car rates for BI and PDL combined increase 25% in Florida, 2% in Kansas and 11% in Mississippi.

The garage rates increase 6% in Florida, 5% in Kansas and 16% in Mississippi. There are also changes in minimum premiums.

Fire Chief to Join New York Board

Leo R. Barry, fire department chief of Utica, N.Y., will join the statewide electrical department of New York Board upon his retirement from the Utica department. He is well known through the state for his services in fire protection and fire prevention. He is immediate past president of New York State Assn. of Fire Chiefs, president of Oneida County Fire Advisory Board, State Fire Advisory Board and Salvation Army Advisory Board.

Cal. Complaint Unit Has Clinic

LOS ANGELES—Personnel in the complaint division of the California department held a conference at Milbrae, putting emphasis on setting up a procedures manual.

Camden-Gloucester County (N. J.) Assn. of Insurance Agents will present a panel discussion on agency management and operations and will show a motion picture, "Prospecting," by American of Newark at its Nov. 26 meeting in Kenney's restaurant, Trenton.

Insurors of Nashville heard a panel discussion on the family auto policy, featuring William M. Parrish of U.S.F.&G., Edward Lee of Davis & Corson and Kenneth Roberdeau of Glens Falls, at the November luncheon.

Atomic Energy Commission has issued a permit to New York Mutual Casualty, giving it access under controlled conditions to restricted data of use in the civilian atomic energy industry.

LOYALTY GROUP

FIREMEN'S INSURANCE COMPANY OF NEWARK, NEW JERSEY

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 5,406,999.79	Reserve for Losses	$ 18,710,827.16
Mortgage Loans on Real Estate	946,030.04	Reserve for Loss Expenses	1,621,400.00
*Bonds and Stocks	162,401,031.61	**Reserve for Unearned Premiums**	52,622,853.30
Interest due and accrued	236,182.94	Reserve for Taxes and Expenses	3,290,258.00
Agents and Departmental Balances	3,803,131.44	Funds held under Reinsurance Treaties	5,845,871.38
Real Estate	3,086,000.00	All other Liabilities	1,261,182.18
Equity in Marine and Foreign Insurance Pools	9,721,363.59	**Capital**	**15,000,000.00**
All other Assets	1,365,827.61	**Net Surplus**	**88,614,175.00**
Total admitted Assets	**$186,966,567.02**	**Total**	**$186,966,567.02**

SURPLUS TO POLICYHOLDERS $103,614,175.00

Securities carried at $3,808,805.91 in the above statement are deposited as required by law.

GIRARD INSURANCE COMPANY OF PHILADELPHIA, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 534,201.96	Reserve for Losses	$ 1,954,862.54
Mortgage Loans on Real Estate	1,283.32	Reserve for Loss Expenses	169,400.00
*Bonds and Stocks	14,240,435.20	Reserve for Unearned Premiums	5,864,044.20
Interest due and accrued	46,379.76	Reserve for Taxes and Expenses	382,318.00
Agents and Departmental Balances	178,165.49	All other Liabilities	17,574.18
Real Estate	150,000.00	**Capital**	**1,000,000.00**
All other Assets	262,765.55	**Net Surplus**	**6,025,032.36**
Total admitted assets	**$15,413,231.28**	**Total**	**$15,413,231.28**

SURPLUS TO POLICYHOLDERS $7,025,032.36

Securities carried at $795,543.41 in the above statement are deposited as required by law.

NATIONAL-BEN FRANKLIN INSURANCE COMPANY OF PITTSBURGH, PA.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 851,570.55	Reserve for Losses	$ 1,954,862.54
*Bonds and Stocks	13,320,277.37	Reserve for Loss Expenses	169,400.00
Interest due and accrued	37,914.18	Reserve for Unearned Premiums	5,497,910.04
Agents and Departmental Balances	1,749,124.28	Reserve for Taxes and Expenses	387,418.00
Real Estate	66,000.00	All other Liabilities	17,574.18
All other Assets	132,584.55	**Capital**	**2,000,000.00**
		Net Surplus	**6,130,306.17**
Total admitted Assets	**$16,157,470.93**	**Total**	**$16,157,470.93**

SURPLUS TO POLICYHOLDERS $8,130,306.17

Securities carried at $1,956,902.96 in the above statement are deposited as required by law.

MILWAUKEE INSURANCE COMPANY OF MILWAUKEE, WIS.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 1,089,155.22	Reserve for Losses	$ 5,306,055.46
Mortgage Loans on Real Estate	332,501.95	Reserve for Loss Expenses	459,800.00
*Bonds and Stocks	38,550,037.75	Reserve for Unearned Premiums	14,922,898.69
Interest due and accrued	99,954,84	Reserve for Taxes and Expenses	1,252,806.00
Agents and Departmental Balances	2,885,992.37	All other Liabilities	59,161.50
		Capital	**3,000,000.00**
All other Assets	410,264.17	**Net Surplus**	**18,367,184.65**
Total admitted Assets	**$43,367,906.30**	**Total**	**$43,367,906.30**

SURPLUS TO POLICYHOLDERS $21,367,184.65

Securities carried at $2,955,430.82 in the above statement are deposited as required by law.

ROYAL GENERAL INSURANCE COMPANY OF CANADA

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 39,031.74	Reserve for Taxes and Expenses	$ 3,980.86
Bonds and Stocks	404,536.14	**Capital**	**100,000.00**
Interest Due and Accrued	2,945.21	**Net Surplus**	**353,917.08**
Agents and Departmental Balances	11,384.85		
Total admitted Assets	**$457,897.94**	**Total**	**$457,897.94**

SURPLUS TO POLICYHOLDERS $453,917.08

Securities carried at $55,720.22 in the above statement are deposited as required by law.

THE METROPOLITAN CASUALTY INSURANCE COMPANY OF NEW YORK

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 2,050,054.59	Reserve for Losses	$19,529,061.00
		Reserve for Unearned Premiums	**13,846,779.68**
Mortgage Loans on Real Estate	13,788.26	Reserve for Loss Expenses	2,247,095.00
*Bonds and Stocks	48,966,786.82		
Interest due and accrued	167,466.15	Reserve for Taxes and Expenses	1,647,113.89
Agents and Departmental Balances	3,509,949.53	Funds held under Reinsurance Treaties	197,366.55
Equity in Marine and Foreign Insurance Pools	150,789.49	All other Liabilities	167,463.00
		Capital	**3,000,000.00**
All other Assets	231,563.29	**Net Surplus**	**14,455,519.01**
Total admitted Assets	**$55,090,398.13**	**Total**	**$55,090,398.13**

SURPLUS TO POLICYHOLDERS $17,455,519.01

Securities carried at $4,426,379.84 in the above statement are deposited as required by law.

COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.

DECEMBER 31, 1955

ASSETS		LIABILITIES	
Cash	$ 1,902,307.91	Reserve for Losses	$24,001,921.00
Mortgage Loans on Real Estate	432,972.54	Reserve for Loss Expenses	2,664,267.00
*Bonds and Stocks	58,149,018.36	Reserve for Unearned Premiums	16,372,985.52
Interest due and accrued	175,081.72	Reserve for Taxes and Expenses	1,656,825.00
Agents and Departmental Balances	3,718,871.79	Funds held under reinsurance Treaties	663,218.89
		All other Liabilities	119,854.37
Equity in Marine and Foreign Insurance Pools	156,973.17	**Capital**	**3,000,000.00**
All other Assets	276,839.35	**Net Surplus**	**16,332,993.06**
Total admitted Assets	**$64,812,064.84**	**Total**	**$64,812,064.84**

SURPLUS TO POLICYHOLDERS $19,332,993.06

Securities carried at $1,691,171.13 in the above statement are deposited as required by law.

*Valuations on basis prescribed by National Association of Insurance Commissioners

HOME OFFICE

10 PARK PLACE, NEWARK 1, NEW JERSEY

Foreign Department
102 Maiden Lane, New York 5, New York
206 Sansome St., San Francisco 4, Calif.

Western Department
120 So. LaSalle St., Chicago 3, Illinois

Southwestern Department
912 Commerce St., Dallas 22, Texas

Pacific Department
220 Bush St., San Francisco 6, Calif.

Canadian Departments
800 Bay St., Toronto 2, Ontario
535 Homer St., Vancouver 3, B. C.